



SERVICE IS MY BUSINESS

“BUT you were always a good man of business, Jacob,” faltered Scrooge, who now began to apply this to himself.

“Business!” cried the Ghost, wringing its hands again. “Mankind was my business; charity, mercy, forbearance, and benevolence were, all, my business. The dealings of my trade were but a drop of water in the comprehensive ocean of my business!”

—CHARLES DICKENS, *A Christmas Carol*

# *Service*

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# *Is My*

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# *Business*



High ethical standards in business and professions;  
the recognition of the worthiness of all useful occupations;  
and the dignifying by each Rotarian of his  
occupation as an opportunity to serve society.

—ROTARY'S SECOND OBJECT



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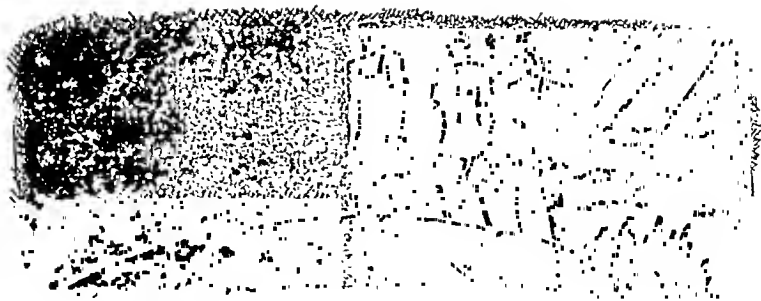
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# THE FOUR OBJECTS



*To encourage and foster the ideal of service as a basis of worthy enterprise and, in particular, to encourage and foster:*

- 1. The development of acquaintance as an opportunity for service;*
- 2. High ethical standards in business and professions; the recognition of the worthiness of all useful occupations; and the dignifying by each Rotarian of his occupation as an opportunity to serve society;*
- 3. The application of the ideal of service by every Rotarian to his personal, business, and community life;*
- 4. The advancement of international understanding, good will, and peace through a world fellowship of business and professional men united in the ideal of service.*



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## *Why This Book?*

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As vocational service member of the Aims and Objects Committee, Percy Hodgson was impressed by the need of bringing to the individual Rotarian in some simple and vivid way an awareness of his opportunity to serve society in his business or profession. The idea was seconded warmly by James Watchurst who had experienced the wide possibilities of dynamic vocational service in the Combined Operations program of Rotary clubs in the British Isles. The result of the enthusiasm of these two Rotarians is "Service Is My Business."

Those who would study the nature of man turn hopefully to the past—to historical writings, to the



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excavation of ancient civilizations, even to the record of the rocks. Something of the essential meaning of vocational service in Rotary is likewise revealed by an examination of its development. The idea has been growing for more than forty years. Today it has achieved an interpretation far different from the original conception. It has been enlarged, expanded with the years, yet the dominant impulse present at the start has remained implicit in each stage of growth.

Let us examine the record as it is found in the official phrasing of this object of Rotary.

It appeared first in the constitution of the Rotary Club of Chicago (January, 1906). The first of the two objects read:

*The promotion of the business interests of its members.*

Before we reject this aim as utterly selfish, we might consider the comment of a past president of Rotary International. "Vocational service really started," he recalled, "in the early clubs when they had an official known as a statistician whose duty it was to compile each week all the orders that had been given or received by members. But that kind of vocational service would not work. I am not ashamed of it, however, because *they were helping each other even then*."

In 1912, this statement of vocational service was finally abandoned, and the International Association of Rotary Clubs adopted for the guidance of the club and the individual Rotarian, five objects the first of which was—

*To promote the recognition of the worthiness of all legitimate occupations, and to dignify each member's*

## WHY THIS BOOK?

*occupation as affording him an opportunity to serve society;*

*To encourage high standards in business and professions;*

*To increase the efficiency of each member by the exchange of ideas and business methods.*

"The ideal of service as the basis of all worthy enterprise" was introduced in 1918 together with a rearrangement in the order of the objects of Rotary. In 1922, the object which called for an interchange of ideas and business methods was dropped, and the word "useful" replaced "legitimate" in the first paragraph of the object last quoted.

No further change was made until 1935, when the Six Objects of Rotary were restated as Four Objects. The Second Object, as it is known today came into existence:

2. *High ethical standards in business and professions; the recognition of the worthiness of all useful occupations; and the dignifying by each Rotarian of his occupation as an opportunity to serve society.*

So the dominant impulse of vocational service, present at the start, developed and expanded. Helpfulness to others—not only to fellow-Rotarians but to all "others" who make up human society. Respect for others—not only the rather ambiguous "legitimate occupations"—but all *useful* occupations. Thoughtfulness of others—not only in the matter of increased business efficiency, though that is important—but in exploring every opportunity to serve society. The ideal of service is the dominant impulse throughout the evolution of the Second Object.

## SERVICE IS MY BUSINESS

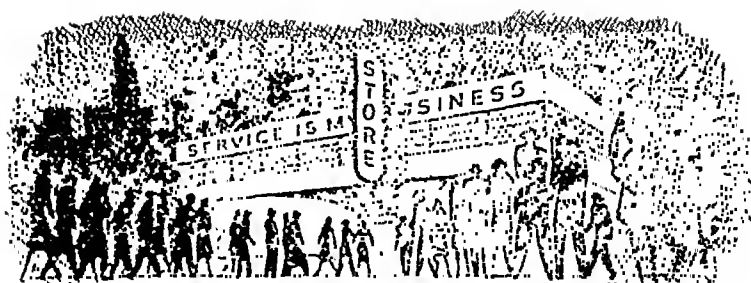
This excursion into the history of vocational service in Rotary may have been revealing, but where does it lead actually in practical living? Can we make an honest appraisal of our own jobs, or business enterprises, or professional practices and see vocational service in action? Do we daily take it out of the stiff official phrasing and give it an earthy habitation? Or has it escaped us in clouds of rosy sentiment lost in a fog of words, words, words?

Because vocational service is so often the silent service, so much an affair of quiet conscience and individual practice, there is need for a clear and precise understanding of it. Otherwise it may be ignored or neglected to the great loss of Rotary and the world.

Conscious of this need, the Aims and Objects Committee recommend "Service Is My Business" as an attempt to convey such understanding in the simple terms of actual experience. We hope that this manner of presentation which offers problems rather than maxims and actual instances rather than high-flown eloquence will bring to the individual Rotarian or any other reader a keen sense of the opportunity that lies close to his hand.

To those Rotarians whose actions have provided the substance for these pages, we respectfully dedicate this little book, and if the situations it describes do not always reflect exactly his particular experience the reader is urged to bring his own flame to the fagots provided, to seek in his own enterprise or calling, the opportunities to realize that service is *his* business.

THE AIMS AND OBJECTS COMMITTEE  
OF ROTARY INTERNATIONAL



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## I. *A Clarion Call*

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AN incident in one of Molière's gay comedies involves a letter which a "shopkeeper turned Gentleman" plans to drop at the feet of a lady of quality. Seeking help in writing it from a professor of philosophy, the shopkeeper insists that the letter should be written in neither verse nor prose.

"It must be in either one or the other," the professor tells him.

"And when we speak, what is that then?"

"Prose."

"Upon my word," the surprised shopkeeper exclaims, "I have been speaking prose these forty years without being aware of it."

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Can it be that Rotarians who protest that they do not understand vocational service share the bewilderment of this shopkeeper? How often the complaint is heard. Vague, intangible, theoretical, are a few of the many criticisms heaped upon this phase of the Rotary program. Yet of all things, vocational service is the most simple and practical,—the *prose* of each man's life and occupation.

Prose can be dull—dull as the daily grind of earning a living over days and months and years of servitude. Or prose can leap with inspiration and sparkle with fun as does the life of any business or professional man or humble craftsman who has discovered the opportunity for service in his occupation. Servitude or service? That is the choice of everyone everyday as he takes off his coat to go to work. How he views his occupation is all important. The view depends upon the point of view.

The point of view that "Service Is My Business" is the simplest explanation of vocational service. All we have to do is to ask ourselves, and we shall understand clearly what it means. In my profession, for instance, *is service my business?* When it comes to considering the needs of my clients or patients or pupils, are their best interests in the forefront of my thoughts all the time, or am I concerned mostly with advancing my own career? When competition gets rough, and the other fellow is crowding me? When a strike threatens or an employee makes what would appear to be an unreasonable complaint? Or when a complaint of my own that seemed so thoroughly justified is airily dismissed? *Is service my business?* *Is service my business when I*

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confront the hard decisions arising from changing prices, new processes, or new investments?

Service is my business—the explanation is simple enough. But the situations that business and professional men encounter in their daily work are vastly complicated. The climate for service may be harsh and discouraging.

An enthusiastic exponent of vocational service in South Africa tells of his disappointment:

“The business in which I am interested is reduced to one-third of what it was six years ago and is still losing money because my competitors can undersell. Why can they undersell?

“(1) By underpaying the legitimate wage laid down by the wage agreement;

“(2) By working employees at cut piecework rates and making them take work home to be made up by their families;

“(3) By forcing employees to sign a receipt for the correct wages and actually paying half—even a quarter of that amount.

“My choice is either to continue to lose money, to leave the industry, or to join the unscrupulous manufacturers in their nefarious practices.”

Harsh though this dilemma seems, it is essentially no different from the type of challenge that we all encounter in raising our work from a status of servitude to one of service. Situations such as this *create* the impelling need for vocational service if business generally and a free society are to be saved from utter ruin. Certainly this instance demonstrates the need for carrying

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over vocational service into ever-widening applications. If this Rotarian could persuade his competitors to renounce their "nefarious practices," he would be extending the area of his service, and yet it would still be *his* business.

Such persuasion may be difficult, but it is very much worth undertaking. To establish in every trade, industry, and profession higher standards of practice is the business of every Rotarian. An idealistic dream? Perhaps. But most of the worthwhile accomplishments in this world have at one time seemed hopelessly impractical.

"Vocational service is the challenge of Rotary," is the clarion call of one Rotarian. "It is the main feature which distinguishes Rotary as a unique organization among many societies the world over. It is hardly an exaggeration to say that it constitutes Rotary's main justification for existence in a world that needs the Rotary conception of service in vocation today as never before.

"For this is a time of change, a time when as never before in our lifetime, we have the opportunity in the midst of uncertainty to create a world in which conflict and class war shall give place to friendship and cooperation, a world which shall satisfy and not frustrate the toiling millions, a world based on the mutual recognition of the Rotary concept of service as the basis of all worthy enterprise.

"These things can be; we, fellow-Rotarians, have it in our hands, now, today and tomorrow, to work consciously for this nobler world. We can, if we care enough and dare enough. Surely we shall not fail our

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day and generation. Inspired and sustained by our common ideal we shall march forward together, pioneers, adventurers in an enterprise that will call forth our courage, our determination, and all our capacity for clear and constructive thinking.

"The problem is practical and urgent. Let us be realists and recognize that over a great part of the world there are fundamental changes taking place. Men are no longer content to stand before machines knowing nothing of their purpose or their effect upon their own lives. Men are no longer content to be ciphers, robots, in the machinery of production. They insistingly and increasingly demand change, sometimes demanding the foolish and impossible.

"In this changing world, what sort of future do *we* want? What is the Rotary conception of tomorrow? Are we satisfied with the prospect of class-war and strife for ever and a day between the giants of organized labor and employers? Can we conceive no better future than conflict, hyphenated by uneasy truce?

"If we can, what are we going to do to achieve our dreams? A new world is being born, and we in Rotary must make the endeavor to understand the times in which we live or the tide of history will sweep past us and we shall never know why. We can create the future or be broken by it. We can be pioneers or failures. The choice is ours. Let us not fail. Let us recognize the opportunity today. Let us give our service to this great idea with all we have of heart and brain and determination. It is our privilege to join in the task of finding the answer to the pressing problems of our time, and to lay the foundations of a new and better age."



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No less challenging than the broad, social implications of vocational service are the results of individual self-examination. Dissecting the meaning of service in his business, the director of a museum in Switzerland sees it as a "plus," over and beyond the responsibility that he owes to the society which provides his livelihood. "I can undertake this responsibility lightly, sit through the appointed hours as do the proverbial bureaucrats. Or I can fulfill my responsibility scrupulously—do my work faithfully and take care of my personal interests besides. Thereby I can give exactly as much as I take and no more.

"I can, however, understand this responsibility in a higher sense, and start from the desire to see my work contribute to society. If I succeed in that, then I perform *service* and give the public back more than it gives me. In practice that would mean, in my vocation, that I develop and broaden the use of the museum through constructive thinking. I share the view of many of my colleagues that the museum can and should develop a much greater usefulness in educational and civic ways. If that is so and were it achieved, it would be just that 'plus' which I identify with service. Service is always thought for the future, the conviction that a better society can be created, a contribution to the future and belief in the future."

Men who have not lost their vision in spite of setbacks and disappointments—men who have built their business or professional lives around the aim of helpfulness to others and to the community of men—these find a sure reward. A Rotarian physician, invited to

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explain what service meant in his craft, described the humble laboratory that stands near the Victoria Memorial in Calcutta, India. It was here that Colonel Ross discovered the cause and method of the transmission of malaria. A modest plaque carries this legend in verse, written by Colonel Ross himself:

This day relenting God  
Hath placed within my hand  
A wondrous thing, and God  
Be praised, at his command  
Seeking His secret deeds  
With tears and toiling breath,  
I find thy cunning seeds,  
O million-murdering death.  
I know this little thing  
A myriad men will save:  
O death, where is thy sting  
Thy victory, O grave?

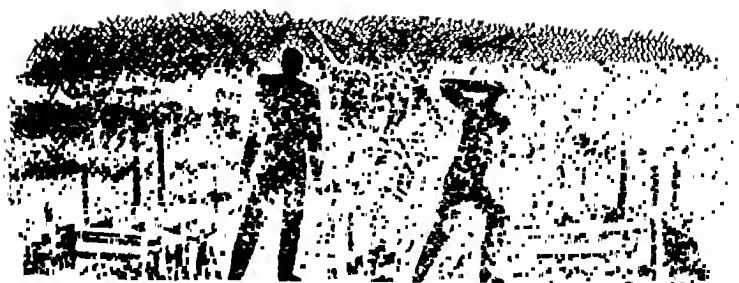
The physician continued: "How great an honor was given Ross that millions who never knew his name should breathe and know life because of him? And what shall I say more, for the time would fail me to tell of Caler and Deaver and Murphy and the Mayos and Koch and Roentgen and all the host of others who through ceaseless vigil and an irresistible desire to know the truth subdued diseases, obtained cures for pernicious anemia, stopped the ravages of diabetes, quenched the violence of tuberculosis, out of weakness were made strong, waxed valiant in fight, and put to flight the armies of sickness."

Each classification in Rotary could recite a similar rollcall of unsparing contributors, men who overcame many disappointments, risking criticism and material loss to raise the standards of their chosen vocation.

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There is not a man in Rotary who, looking backward, would not select as his most rewarding experiences the opportunities he has found to serve society.

How these opportunities develop out of the rough clay of daily business and professional practice, we shall now attempt to illustrate.



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## II. *Dear Enemy*

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THE significant point in the following story is not that it concerns a late president of Rotary International who had many important interests and distinctions, but that it is the personal experience of one who had his business on the main street and who had a competitor. Let him tell the story in his own words:

"The thought came to me many years ago. I don't have to hate my competitor. There was a certain fellow I had been fighting with for years, and I thought of course he must be a chiseler. His only fault so far as I know was that he chose to make his living the same way I did, but at that, he seemed like a terrible fellow.

"Then a thought came to my mind. Somewhere in

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Rotary somebody gave it to me. I called on him. We sat and had a chat. He turned out to be a rather decent sort of fellow. The first thing you know, we began to talk freely wherever we would meet. Then it happened that he had a great tragedy come into his life. One of his children was taken ill and died. He came over to me and said, 'I don't know how I want to do this thing. I wonder if you would come over and preach the funeral sermon for my little girl.'

"I was his enemy! He was my enemy! He was the fellow I thought I had to hate. We became very good friends. He still competes with me. He still gets all the business he can—but I like him just the same."

A rather similar transformation occurred in the central business district of a city in Chile, where trade was suffering from the bitter feuds of rival merchants. Under the influence of Rotary, some of these merchants decided to go more than half way. They called a meeting of all the business men in the district and got them to agree to a few very simple principles. As a result, the ruthless rivalry, the unfair practices, the defamations of character and products, ceased. Co-operation became the watchword even to the extent of joint advertising in the newspapers. The principles which they agreed to follow were very simple.

"Cultivate the friendship of men in the same business or profession;

"Beware that these friendly relations do not lead to price-fixing;

"Bar the imitation of brand names and the luring of employees from rival businesses;

## DEAR ENEMY

"Do not ask in friendship what you would not ask in an impersonal business way;

"Forget the word 'competition' and use the words 'trade relation.' "

Whether the word "competition" is used or not, Rotarians generally would not wish to give up the invigorating effects of healthy business rivalry. Personal freedom and practical efficiency alike are fostered by competition. Business has to keep on its toes to survive. The customer has free choice where he will bestow his patronage. Better values, higher quality, lower prices court his approval. A multiplying range of choices is made available to win his favor.

The practically minded business or professional man will not shrink from a rivalry that does so much to improve service. Rather he will regard his competitors as fellow-players in a great game, mutually interested with him in keeping the rules and improving the play, just as necessary to his real success as his employees, or his suppliers, or his customers.

Such would seem to be the attitude natural to a believer in the virtue of free competition. Yet how often a very different feeling prevails. The Negro, in his inimitable fashion, put his finger on it. His song, "Everybody Talking 'Bout Heaven, Ain't Gwine There," recalls that everyone talking about free enterprise does not necessarily believe in it. Some deep feeling of insecurity establishes barriers between competitors who could help each other and their community by their shared wisdom and enterprise. Grudges and suspicions develop that never receive honest examina-

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tion. Or a certain embarrassment and wariness is felt in the presence of competitors, unspoken—unconscious, perhaps—but thwarting any real confidence. This last experience is so common, that the question often arises whether competition is really a blessing, or a curse.

*Is competition a blessing or a curse?* Rotarians who undertake their vocational service as a practical program for their daily business and not merely as an occasional gesture of self-sacrifice, should be quite clear in their own minds about the right answer to this question. Important consequences are sure to follow from the decision as to whether these craftsmen, in the same business or profession, are friendly allies in service—or inveterate enemies.

Actually, the opinion that competition is a curse can be challenged successfully. Life itself is a competitive effort. Not only those in the same line of business, but to a degree, all sellers in all lines are in competition for the consumer's patronage. And the same is true of all buyers. That everyone is competing with everyone else for his job was illustrated by a vocational service program at the Rotary club of a college town where the competitor relations of members of the college faculty were discussed. To argue, therefore, that competition is a curse is to take a dim view indeed of all mankind, for in a sense all people are competitors.

That competition is a blessing, on the other hand, is confirmed constantly in the growth of business communities. There is the classical instance of the department store in Chicago which sold adjacent lots to a competitor in order that a great shopping-center would

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arise to benefit both of them. The same idea motivated the Rotarians in Mississippi who helped to rescue a competitor from bankruptcy because they did not want to see an empty store on their main street. The Denver florists, likewise, who rushed equipment to help a rival whose greenhouses were destroyed by fire, were loyally sustaining a competitive relationship that had proved profitable.

If competitors help each other, consult about their business problems and methods, share their trade secrets for the benefit of the consumer, surely they are blessed by the knowledge that their business is being built on firm foundations. The nervous feeling that the other fellow has something up his sleeve diminishes. Energy is released for expansion.

Time and again, pioneering enterprises have succeeded because of this common sharing by competitors. It took the combined efforts of several companies to overcome the hundreds of objections to the introduction of the typewriter. Cash registers, also, were attacked because, it was contended, their invention proved that all clerks were dishonest.

Hydraulic brakes had been in use on a certain make of car for a year when it became known that another manufacturer planned to install them. The pioneer firm promptly phoned its rival to the effect: "We have had a year's experience and our brakes are just about perfected. Why don't you send your engineers over here and check what we've done before you go further with your plans?" How many lives have been saved through this sharing of a trade secret? Was it not good business, too, for *all* manufacturers using hydraulic



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brakes to make sure that they were built and installed according to the best experience available?

If competition is regarded as a curse, it is logical then to defame competitors, use "cut-throat" tactics to drive them out of business, and to seek to establish a monopoly. Such destructive tactics would be very short-sighted if competition is proved to be a blessing. Experience teaches that there is seldom a victor in a price war, even though it may be hard to persuade of that fact the customer who is lured by "bargains," "cut rates," and "economies." But even the customer may be convinced that the offer of something for nothing should always be viewed with suspicion. Some Peter somewhere is being robbed to pay Paul. It may be the sweated labor that produced the bargain in the first place. It may be the dealer who absorbs the loss. It may be the manufacturer who sees the hard-won value of his trademark debased.

Or it may be the customer himself who loses, through his other purchases outrageously over-priced—losing what he thought to gain from the "loss-leaders" that lured him into the store. As the realization dawns upon him that someone is being robbed, the customer loses his respect for business as a whole and for the price-cutter in particular.

On the other hand, agreements among competitors to allocate production and raise prices originate usually from the conviction that competition is a curse. Evidence against the long-run profit of such restrictive arrangements is overwhelming. The Brookings Institution estimated that during the twelve year period between 1922 and 1934, the vast total of 248 billion dol-

## DEAR ENEMY

lars worth of goods could have been produced in the United States had it not been for these and similar restraints upon production. A loss comparable with the cost to the United States of the Second World War is therefore traceable to the widespread conviction that competition is a curse. Yet think how many of the parties to these restrictive arrangements were ruined in the disastrous cycle of inflation and world depression that marked this earlier "post-war period."

Without exaggeration, most of the cramping dishonesties and weaknesses that afflict business in all lands are traceable to the open or secret conviction that competition is a curse. Because of it, strong men cower uneasily behind protections of many kinds, service is replaced by fear, craftsmanship by *ca' canny*.<sup>\*</sup> What a wonderful opportunity for Rotarians in any and every community to open the windows and admit a bracing breeze of common sense and courage, dispelling these miasmas that choke free enterprise, proclaiming that competition is *not a curse*, but a blessing; that their competitors are not insidious foes, but comrades in service.

If there is a prevailing feeling of cold suspicion, it is the first step that costs the most. "How much I hate that man," Charles Lamb once exclaimed. "Hate him?" asked his friend. "You don't even know him." "Of course I don't know him," Lamb answered. "If I knew him how could I hate him?" And so with competitors—what common-sense reason is there for hating or

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<sup>\*</sup>Original British labor slang: "A deliberate slackening in the rate of work or quantity produced."

## *SERVICE IS MY BUSINESS*

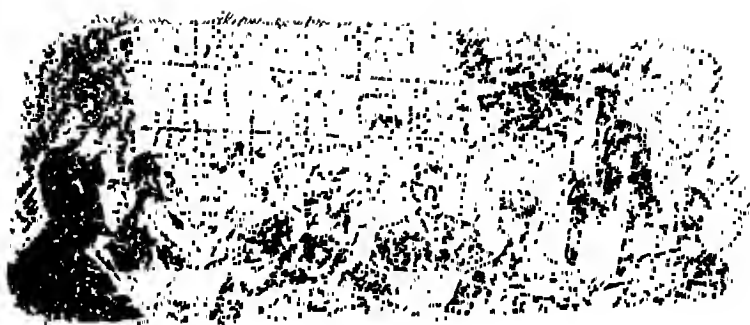
fearing men who are grappling with the same problems, who share the same background and training, who have chosen the same job of social usefulness? How much can be gained by going more than halfway to win their friendship and cooperation.

Dear Enemy — perhaps the deepest reason of all for regarding competitors in this light is rooted in the very nature of life in all its forms. A farmer who had won many blue ribbons for the corn he grew, made a practice of sharing his best seed with his neighbors.

"How in the world can you afford to do this?" he was asked. "Your neighbors are entering corn in competition with yours at the fair each year. Yet you help them with your prize seed."

Said the blue-ribbon corn-grower, "Why, that's very simple. If I want to grow good corn I must help my neighbors to grow good corn, too. The wind picks up the pollen from the ripening corn and swirls it from field to field. If my neighbors grow inferior corn, the quality of my own will suffer. If I want to grow good corn, I must help them grow good corn, too."

The blue ribbons in all businesses and professions are won by those craftsmen who do not fear the bracing winds of competition.



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### III. *The Modern Guild*

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IN ancient Damascus—the “pearl of the desert”—was the famed Street of the Swordmakers. Here, in one corner of the oldest inhabited city in the world, lived a guild of artificers, and here they produced the famous blades of Damascus.

These blades were so keen that you could cut a floating thread of gossamer with them; so elastic that they would bend almost double and then spring back as straight as ever.

Death—death by strangling—the most shameful punishment of the time—was the sentence passed on any

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member of the craft found guilty of producing an inferior product, because:

He did place the proofmark of our most honored and trusted craft upon badly smithed and evilly tempered blades which, having failed in the hand of the purchaser, brought great disrepute upon all the master swordmakers of Damascus.

It was as if each sword bore the fingerprints of its creator, a projection of his personality. And it is doubtful if these early craftsmen were entirely inspired by concern for the unlucky purchaser who might trust his life to a blade which had a defect that the eye of man could not detect. Rather they were motivated by a sense of indignation that their skill might be questioned.

When a Rotary club is formed, the first consideration is to secure as members, outstanding representatives of every worthy and recognized business and professional activity in the community. The same thought directs the selection of new members. They must be successful, that is, they must be skilled in their respective crafts. Their integrity must be above suspicion. They must be dedicated to the idea of supporting and improving the standards of their craft. Indeed, a Rotary club might well be described as an assembly of skilled craftsmen.

Unlike the ancient guilds, however, the Rotary club is not organized to safeguard and hoard the knowledge of particular skills. On the contrary, the Rotary club is dedicated to the task of extending the service which all skills can render to society.

The Rotary club, moreover, which selects its membership from *different* trades and professions contrasts

## THE MODERN GUILD

in that respect with the ancient guilds which associated men of the same craft. A closer comparison might be drawn with the modern trade-union except that the guild was built around employers rather than employees. It would seem that the nearest thing to a modern guild is the trade association whose membership largely comprises employers of the same business or craft, many of whom are direct competitors.

The absence of competitors in Rotary clubs in order to include a cross-section of all business and professional activities in the community entails certain obligations. One of these was expressed by the board of directors of Rotary International when it enjoined Rotarians that they "should not expect, and far less should they ask for, more consideration or advantages from fellow-Rotarians than the latter would give to any other business man with whom he has business relations." Any abuse of friendship for profit is foreign to the spirit of Rotary. In other words, free competition is a blessing that Rotary clubs are designed to foster.

Another and more positive obligation of the Rotarian is to carry the message and ideals of Rotary into his business relations with competitors. As a trustee of his classification each member is regarded as an ambassador to his craft and urged to participate actively in the work of his trade association. This obligation was stated very forcibly by the chairman of one vocational service committee, addressing his club on a recent occasion:

It is my duty as the spokesman for the vocational service committee, my fellow-Rotarians, to say to you in all earnestness and candor, that unless you are carrying

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back to your craft, your trade association, or your professional group the ideals, the precepts, and the high standards embodied in Rotary, you should resign. You say that you are not inclined to bother about your competitor, that you are too busy with your own affairs to be concerned with what the other fellow is doing, that you are not inclined to take on the responsibilities of leadership in your line of business. I am sorry. The membership committee made a mistake when they let you in. Those who fail in their duty to properly represent their line of business or profession choke up one of the arteries through which the lifeblood of Rotary flows.

The Rotarian who is putting his shoulder to the wheel in his trade association derives many advantages. Not the least of these is goodwill. A striking demonstration of this advantage was given in the course of a radio program on vocational service, broadcast from one small-town station. The work of medical associations was cited as the reason why doctors are regarded almost automatically as valuable citizens. Because his association has established minimum standards of education, enforced codes of correct practice, provided for the exchange of new methods and discoveries, the individual doctor has a long start in earning a place of respect wherever he may locate.

The practical benefits that small business gains from membership were interestingly illustrated by a tailor called upon to explain the value of his trade association in a Rotary meeting. Looking back over a generation of business dealings in his town, he found that general wages had increased five times while the price of tailoring had only gone up three times. It was at the meetings of his trade association that he and his competitors had exchanged the "know-how" which had enabled

## THE MODERN GUILD

them to increase the efficiency of custom-tailoring so that competition from "ready-to-wear" clothes could be met.

With the viewpoint of an outsider, an Australian Rotarian expressed his amazement on observing the discussions of a meat-packers' conference in Chicago. The domestic problems of individual plants were discussed before assembled competitors in a wholehearted and unreserved way. Besides raising the general level of the industry, these discussions proved that in a meeting of twenty men, any one individual stands to learn more from the other nineteen, than they in turn could learn from him. Yet in the commercial field, away from the conference, the Australian visitor found that these same men were engaged in the most vigorous competition which acted as a salutary stimulus to increased efficiency and the elimination of waste.

The advantage of belonging to the trade association being fairly obvious, it may be asked, what particularly is the Rotarian's contribution. That this is not quite so obvious became evident from a survey conducted in 1940 which drew responses from 259 clubs. In percentages and broken down by size of community, the results were:

In communities under 3,000 population, 64 per cent of Rotary club members belonged to national and international associations; 51 per cent to state associations; 22 per cent to local associations.

In communities between 3,000 and 12,000 population, 69 per cent were members of national and international associations; 48 per cent belonged to state; and 21 per cent to local associations.

In communities over 12,000 population, 50 per cent



## SERVICE IS MY BUSINESS

belonged to national and international associations; 25 per cent to state; and 18 per cent to local associations.

The indication that a larger proportion of Rotarians belong to their craft associations in towns under 12,000 than in the larger cities shows how much the small business man has to gain from the ideas and improvements in practice made current by the trade association. But what can the Rotarian himself, coming from a small town and operating a small business, contribute to the work of these large and impressive bodies?

A Canadian Rotarian responded to this question by recalling a childhood experience:

As a very small boy, I attended a rural school. There was one good-natured lad, not particularly clever, and with no particular gifts of leadership. The older boys were a tough and, in some ways, quite a vicious crowd. They used to tease this fellow unmercifully, but through it all, he preserved his good nature and steadfastly refused to deviate from his standards of conduct. The contrast of his good-humored determination had a tremendous influence. It's the same way in trade associations. Without the influence and exertions of sincere individuals, a cynical minority can accomplish much mischief.

The great statesman-author, Edmund Burke, once declared that "When bad men combine, the good must associate, else they will fall one by one, an unpitied sacrifice in a contemptible struggle." Rotarians combined can exercise a potent influence for good in their trade associations if they inject the larger vision of opportunity to serve society and the realization that only so far as the public is served can trade associations serve their own best interests.

That there is need for Rotary leaven in the prac-

## *THE MODERN GUILD*

tices of many trade associations was vigorously asserted during a discussion at a recent convention of Rotary International. Too often, it was charged, trade associations, instead of putting service ahead of profit, degenerate into pressure groups, conspiracies to circumvent government regulations, and merchandising corporations to control prices. Rotarians were urged to join forces against these tendencies and to support vigorously their association code.

An outstanding contribution of Rotary to the strength of the modern "guild" has been the development of codes of correct practices. In fact, it is generally recognized that the widespread movement by trade associations to adopt these voluntary commitments, sprang largely from the thought and effort of vocational service in Rotary. The results of this experience in drafting codes can be summarized briefly as follows:

- (1) The code is not a law, but an expression of the determination of members in the association to maintain certain standards.
- (2) These standards are stated positively and specifically as evolved from the experience of the particular business or profession.
- (3) Example and friendly influence are the only ways by which the code is enforced.

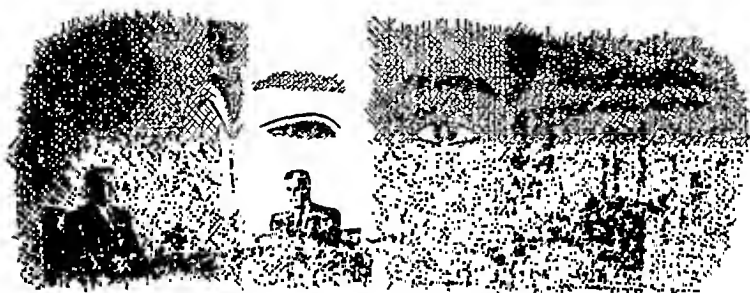
A fairly recent instance of Rotary influence in the formation of a code comes from India. A vocational service committee persuaded the Structural Contractors' Association to announce a forthright statement of correct practices in their craft. They will accept no gratuities. They will take advantage of no man's igno-

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rance. They will not divulge estimates to competing firms. They will concern themselves for public safety in all their work.

Specific undertakings of this kind are all the more notable in India with its many differing religions and customs. It will be recalled, however, that the Golden Rule as known in the Western Hemisphere is expressed in various ways in the Hindu, Moslem, Buddhist, Confucian, and Jewish religions. Indeed, the question is sometimes raised whether codes, written in specific terms, are as effective as simple emphasis placed upon this general principle.

Whether they work from specific injunctions or general principles, the need is clear for Rotarians to put their shoulders behind the wheels of improved practices and the trade association activities which foster them. Thus they may spur the development of a new sense of craftsmanship in these modern guilds. Thus they may repay a personal debt which every business man owes to the organization which elevates and dignifies his occupation.



## IV. *Good Faith*

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THE codes of correct practices that trade associations adopt cannot be enforced by legal means. Often they concern details not readily covered by law, and pledge business to standards of conduct that make legislation unnecessary. Public opinion and the conscience of the individual who subscribes to the code are the only guarantee of its effectiveness. The success of codes depends ultimately on the good faith of individual business and professional men.

*Buena fe como norma*—invariable good faith—was the crisp interpretation given to the Second Object by Rotarians of Latin America when they came to translate it into Spanish—just that and nothing more.

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At first sight it might seem that a good deal of the Second Object was ignored in this brief interpretation, but on closer examination it will appear that the core of meaning in the phrases—"high ethical standards," "recognition of the worthiness of all useful occupations," "dignifying by each Rotarian of his occupation"—has been preserved. Good faith between people is implicit in all of those statements, and also in the various relationships of service in business and profession. It is the essential ingredient of all transactions between buyers and sellers. When competitors can depend on each other's good faith, friendly cooperation follows as a natural course. Employers and employees will succeed in making the best of their jobs only when the integrity of each individual can be trusted and respected.

*Buena fe como norma*—invariable good faith—the core of vocational service.

Facing the aftermath of two world wars, the need for restoring good faith is evident. So much has happened to disillusion men and nations. Hitler himself broke eighty-seven treaties, and he was not alone. In resisting the invader and in the death struggle of nations, deceit became a weapon as lethal as the atomic bomb. A dark cloud of distrust seems to hover over the conference table whenever the peace of the world is discussed.

The restoration of good faith has become, accordingly, a primary concern of international organization. It is enshrined as the second principle of the United Nations Charter:

All Members, in order to ensure for them the rights and benefits resulting from membership, shall fulfill

## GOOD FAITH

in good faith the obligations assumed by them in accordance with the present Charter.

The remedy—a promise to keep a promise—may not seem adequate, but at least it defines the need, no less urgent for individuals than for nations. The mutual good faith of business, so essential to prosperity and well-being, has likewise been sorely strained by the uncertainties and temptations of an unstable economy. How is it to be restored?

In his "Our Neighbors, the Chinese," the American writer, Vaughan White, describes how he has watched bankers in China doing business the Chinese way.

"What can I do for you today, Mr. Chen?" the banker would greet the man who had just entered.

"I would like to borrow \$10,000."

The banker immediately took out a small, black book, made a note of Mr. Chen's wish, and said, "Certainly, Mr. Chen." Then calling the cashier he instructed, "Place \$10,000 to Mr. Chen's credit."

Mr. Chen bowed and left the bank. He had signed no paper, and the banker had called in no witnesses.

I questioned the soundness of such a transaction. The banker, taking pity on my Western ignorance, explained: "That man is backed up by his family, his clan, and his trade guild. All feel responsible for his honesty. If he should fail to repay, all these groups would make good the \$10,000. To give him a loan this way is good Chinese business."

Other countries may not have the same close-knit family responsibility as exists in China, but no social or economic system could exist without a general con-

## *SERVICE IS MY BUSINESS*

fidence that people will invariably do what they have contracted to do.

At the time of the great earthquake and fire in San Francisco, the plant of a large law-book publishing company was destroyed. All account books were lost. The indebtedness of lawyers to this firm amounted to thousands of dollars. The aggregate was known but there was no way of ascertaining individual amounts. To the credit of members of the American and Canadian Bar Associations, who practice law in accordance with the codes of those associations, it is a matter of record that within a few hundred dollars, the entire indebtedness was voluntarily acknowledged and paid.

Without confidence, no one would trust his employer to pay his wages and no work would be done without constant supervision. Trade would be reduced to barter with a club handy to reprove deceit. The enterprising business man would find no capitalist in whom to confide his plans and aspirations. Without the invisible sinews of good faith, society would disintegrate. Mankind would quickly relapse into barbarism.

To recognize that good faith is essential, however, carries no assurance that it cannot be destroyed. Just to assume that it is habitual with the vast majority of people, merely begs the question. How is habit created? What is the secret of this invisible tie that binds men to their tasks and to their contracts?

The answer is quite simple. People learn to do by doing, and by watching and emulating others. Good faith becomes habitual through a host of affirmative actions, and by the reverse process it can also be destroyed. The little things count. A single man doing

## GOOD FAITH

his task faithfully strengthens the whole fabric. One small act of deceit can strain or rupture it. Exactly how this happens was illustrated in the complaint of a banker.

"Business men," he complained, "bring rolls of dimes into the bank, the rolls often containing a half-dozen Canadian dimes on which there is a five-per-cent discount. And when these same men are handed back the very rolls they brought in, they protest the presence of the Canadian dimes. My point is, that if we can't get simple honesty on the five-and-ten level, isn't it asking a great deal to have it superimposed on the million-dollar level?"

On the other hand, the smallest demonstration of scrupulous honesty delights and inspires everyone. A Rotary district governor tells of overhearing a transaction between a club secretary and one of the club members. This member, a dentist, came up and handed the secretary a check for \$1.10.

"What's this for?" asked the secretary.

"Don't you remember? Two years ago I took out your gold filling," replied the dentist. "Well, yesterday I sold that gold for \$1.10. It's yours. Here's your money."

The secretary smiled. Then he asked, "Would you have done that before you joined Rotary?"

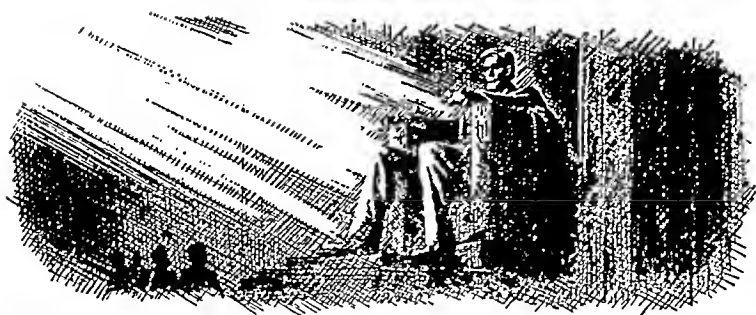
The dentist thought for a moment before replying. "You know," he said, "many dentists keep the money they receive for old gold. But since joining Rotary I've been bothered with a conscience. The money does not belong to me. So now I turn it back to the patient to whom it really belongs."



## *SERVICE IS MY BUSINESS*

Two trivial incidents, to be sure, but such as to restore or weaken the invisible sinews of good faith. Small acts do not exist alone and apart. They confirm a habit and furnish an example to discourage or inspire other people.

Vocational service consists not so much in grandiose decisions as in the accumulation of small acts and the slow creation of habits. The little things count.



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## V. *Is Honesty Declining?*

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THE example of little things is infectious. Often they set in motion curious reactions. One such instance is the story of an American maker of locomotives. He was about to close a large contract with a foreign government. He had stopped over in London before proceeding on to his destination. He was not too happy about the negotiations since it had been decided, at the insistence of the customer, to substitute an inferior grade of steel in order to keep the cost down to a minimum. It seemed the only way in which his firm could secure the contract.

Leaving his London hotel one morning, he noticed in a shop window some material that he thought would

## SERVICE IS MY BUSINESS

make an attractive sports suit. After he had purchased the goods, a London friend gave him the name of a tailor. The American was impressed by the establishment. He was even more impressed when he met the proprietor.

But when the tailor had taken one look at the cloth, to the amazement of the American, he refused to make the suit. He would not put his label on a suit of clothes made of shoddy material. Neither did he respond to the suggestion that since the cloth had already been purchased, the label could be left off in this instance. A tailor could not continue to retain the respect of his employees if he expended their honest labor on dishonest material.

With the bolt of cloth under his arm, the maker of locomotives left the tailor's shop, not angry, but thoughtful. The nameplate on a locomotive, or the label on a suit of clothes, earned respect by the quality of honest labor and honest materials. Unwittingly, the tailor had set him on the right course, as certainly as if he had picked him up physically from one path and set him down upon another.

The first chapter in the "Book of Wisdom," Thomas Jefferson declared, is honesty; and more recently, a well-known editor urged the need for re-establishing the teaching of common honesty in the schools. On the other hand, a school superintendent supporting the affirmative in a debate on the question, "Is Honesty Declining?"\* placed the responsibility squarely on the shoulders of business. Boys and girls leaving school, he

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\*In "The Rotarian," May, 1946.

## IS HONESTY DECLINING?

contended, took with them definite standards of honesty and fair play only to be disillusioned by the practices prevailing in places where they worked. "One girl went to work for a dress shop—an exclusive one. As a part of her indoctrination, she was taught three prices for every garment: a top price to be asked first, a middle price, and finally, a minimum. Another lad, when briefed for his part-time work in a grocery store, was told: "Don't be too particular about weights—that is, don't give anything away."

If honesty is not to decline, then home, school, church, trade association, and Rotary club must be alert constantly to combat new tendencies—or fresh manifestations of old tendencies—to chisel and to defraud.

Years ago, Rotary was very active world-wide in the effort to check bribery and secret commissions. A past president of Rotary International represented this interest at an international economic conference of the League of Nations. Many countries enacted legislation to check these evils. "Bribery and secret commissions"—the very words have a musty and antique flavor.

Yet in spite of all these efforts, who can say that bribery and secret commissions are a thing of the past? During and since the war, black markets grew and flourished all over the world. The same gangster elements that furnished the bootleggers during the prohibition era in the United States now appeared as blackmarketeers; the same people who patronized them once, were customers again; and the *same* principle of clandestine corruption was again manifest.

## *SERVICE IS MY BUSINESS*

An observer for Rotary in Europe reports that when countries were occupied by the enemy, business men felt justified in doing everything possible to deceive the enemy and sabotage production. Now, after liberation, it seems difficult for business men and workers to abandon these practices. Rotarians in Europe are seeking painfully through questionnaires and other forms of influence to implant and spread the realization that dishonesty is no longer patriotic.

New occasions teach new duties. Rotary must be constantly alert to recognize old evils under new names. The "Automobiles and Vehicles" vocational craft assembly at a Rotary convention faced up to a truly deplorable situation, brought about by severe shortages resulting from the war. Listen to the plaint of this dealer:

"We had so many customers, we thought our trade-in business would be pretty good. Many of our customers had two or three cars during the war. But what happened? Not more than one in a hundred would say: 'We want to be fair the same as you are. We're willing to take government prices.' Instead, the attitude usually was: 'All our friends are getting \$300 to \$400 more than the regular prices. Why shouldn't we?'"

Could this widespread practice have been checked by vigorous action on the part of trade associations? Or could a strong protest rising from every Rotary club in the world, backed by the example of every Rotarian and his family, have influenced the purchasers and dealers alike to choose the path of strict honesty? Here was an opportunity for vocational service to show its

## IS HONESTY DECLINING?

metal and prove its sincerity lest it be classed with those who, in the words of Butler's *Hudibras*—

Compound for sins they are inclined to,  
By damning those they have no mind to.

The opportunity is still open. The path is plainly marked.

Bribery and secret commissions? There is nothing old-fashioned about them at all. They have simply donned modern clothes.

A whiskey salesman sat at a table and ordered a drink. The proprietor followed the waiter and whispered to him: "What did that whiskey salesman order?"

"He ordered one Scotch," said the waiter.

The proprietor then placed three jiggers of rum on the waiter's tray alongside the Scotch, and said: "Tell him that's exactly the way *I* had to buy it!"

What happens one day in a seller's market may recur in reverse order another day when goods become abundant and tie-in sales are replaced by secret rebates, discounts, and presents to buyers.

Laws against bribery and secret commissions are not enough, though they may help to arouse the public conscience. Only the clear, outspoken, and continuous influence of business leaders can be effective, and then only if the leaders have a vital awareness of just what constitutes bribery.

Too often the view depends upon the point of view. During the War, a court-martial was held in the North African desert to determine the guilt of an Air Force officer charged with accepting bribes from a contractor who had purchased the waste products from the camp.

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The most important evidence for the prosecution came from the contractor himself, who admitted without embarrassment that he had paid certain additional sums to secure the right quantity and quality of "swill," but he repudiated indignantly the suggestion that he had received something quite different from swill—a few tins of bully beef, perhaps, cigarettes, or, most important of all tea, coffee, or sugar.

He was a man of character, and he was genuinely shocked at the idea that he would have paid a bribe for something he was not entitled to, though in the ordinary course of business, one paid reasonable bribes to see that business was done properly.

At least such a point of view has the merit of being clear and definite even though it might seem reprehensible in other parts of the world. But frequently polite terms, "customs of the trade" or "pressures from business associates" confuse a man, so that he does not know bribery when he sees it.

Two tests are available, both common-sense, both synonymous with that "sense of community" which spells Rotary. The first is *publicity*. If there is any doubt, for instance, whether a personal gift or a rebate or a price-cut is strictly fair to all concerned, let all concerned know that it is being made. An employer, or a competitor, will be grateful for the information, and the recipient should be flattered to have it known that he is getting this recognition. If the test of publicity arouses embarrassment, then the second and determining test can be applied; that is, whether the gift or other favor tends to raise or lower the level of *service* by this business or profession.

## IS HONESTY DECLINING?

The Rotarian who applies these tests and still finds himself in a gray zone as to what is really the honest course, can seek the council of the vocational service committee of his club or raise the question in his trade association. From the exploration of such gray zones, real progress in raising standards of practice can often result.

That "Honesty Is the Best Policy" was the opinion credited to Benjamin Franklin. Emerson went even further. "Men suffer all their lives from the foolish supposition that they can be cheated. The thief steals from himself. The swindler swindles himself." Honesty is efficient. Dishonesty is laborious, hesitant, and wasteful. This view is emphasized by a curious coincidence in the dictionary definition of *chiseler*: "(1) one who chisels, (2) a child—Ireland." The coincidence of the Irish meaning points to the essential naïvete in all chiseling. Mature people just do not do it.

Surely there is no necessary conflict between idealism and good business. As expanding production fills the gap of wartime shortages, many Rotarians will find themselves in the happy position of being able to choose between the alternatives suggested in the following instances:

A manufacturer put on a special sales drive, and his dealers stocked up. Then without warning, the advertised price on the article was reduced ten per cent. One large dealer reported that he was not even notified. The stores had to wriggle out of the difficulty as best they could. They had bought something at a high price on which they were forced to absorb a ten per cent loss even before they attempted to sell it. Perhaps the manufacturer did not have the price-cut in mind when he caused the stores to increase their inventories. But the dealers said he did.



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This incident wrecked more goodwill than heavy expense in advertising could restore in many a month. Contrast with it the policy of another manufacturer in the same field:

He had moved up production to a point where he was able to cut \$20 from the selling-price of a certain model. Dealers were requested to report the number of machines they had on hand, and checks were sent to them covering the amount of possible loss owing to the price-cut—actual money, not credit on more merchandise.

Is it any wonder that this manufacturer has a loyal and enthusiastic dealer organization?

*Is the customer always right?* Most men in business have occasion to ponder this slogan at one time or another. Over the counter of a store on V-J Day, some wag placed a sign reading: "The Boss is Back!" Perhaps the inference was a trifle premature, but with the gradual disappearance of shortages, it seems likely the maxim—"the customer is always right"—will be taken out, dusted off, and hung again upon the wall. Certainly the contrary slogan—*caveat emptor*—let the buyer beware—has been thoroughly discredited by the experience of the most successful merchants that the satisfied customer becomes the constant patron.

When it comes to complaints, however, a suspicion sometimes arises whether this slogan is actually true as well as profitable policy. Who is to say whether the customer is really justified in any particular complaint? One Rotarian found an answer that worked satisfactorily. Here it is, in his own words:

"About ten years ago we conceived the idea of allowing our customers to adjust their own complaints. Pre-

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vious to that time, it had been a poker game. When a customer had a complaint, he would often ask for about twice as much as he expected to get. We would either try to get out of the matter entirely or offer him a quarter of what he asked, and after much wrangling, we would finally agree on some figure.

"By our new methods of making adjustments, the poker playing is eliminated. It is up to the customer to be honest, as we stipulate in making the adjustment that he treat us as he would like to be treated if he were in our place.

"Previous to adopting this policy our adjustments from all causes had run as high as one-and-a-half-per-cent of our sales. The first year after our new policy went into effect, adjustments dropped to three-quarters of one per cent and have been as low as one-twentieth of one per cent."

Is honesty declining? Or, has the business man of today succeeded in removing some of the stigma which once attached to his calling? Was a past president of Rotary International in Great Britain and Ireland correct when he said:

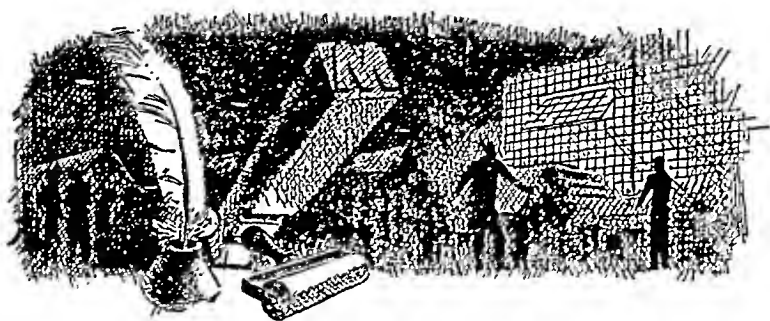
"Until comparatively recent years, the man of business was despised. The only reason was the thought, right or wrong, that meanness, dishonesty, roguery, and often trickery, entered into business transactions. This has only been changed since business men have attempted to put into practice the Golden Rule."

In the growth of confidence, frankness, and consideration between customers, suppliers, and competitors that has replaced the spirit of "*dog-eat-dog*" and "*caveat emptor*," the Rotarian can gain much encouragement

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for his efforts to promote honest practices in business or profession. Dishonesty is naïve and ignorant. It can be exposed as such by the success of persistent and resolute example. Perhaps the experience of the salesman who refused to allow an unearned discount is typical. He was invited to pick up the long-distance phone and check with his home office because a very large contract was at stake. But he steadfastly refused. Nothing could persuade him to even question the established policy of his firm.

Suddenly the buyer changed his mind and signed the contract, saying: "A concern that can afford to be so stiff-necked about its own way of doing business, must have a product that can stand on its own merits."



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## VI. *Is It the Truth?*

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CONFIDENCE in business is founded on fact and exact statement. Millions upon millions of statements are made every day in all sorts of business situations and by every possible medium of communication. Each occasion is a test of the good faith that relates the individual's integrity to the general prosperity. Of all such occasions, advertising is responsible for the greatest number of statements with the most continuous impact on public confidence. The vast sums spent for advertising—nearly a billion dollars a year in the United States alone—are easily justified by increased volume of sales and consequent employment. More important

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than costs, however, is the challenge contained in the question that should be applied rigorously by every advertiser to his "copy": *Is it the truth?*

From time to time, a voice is heard crying in the wilderness that there is still adequate selling-power in honest, straightforward advertising. The average man has more common-sense and better taste than the advertiser often credits him with having. People may succumb to the oft-repeated lie as Hitler's *Mein Kampf* so cynically suggested, but slanted statements eventually produce in them apathy and disillusionment. There is a resentful feeling that they are being pushed around. They want desperately to know "what is going on." They are hungry for the truth.

How such feelings may affect the response to advertising was dramatically illustrated in a story told originally in a trade publication and well-known to advertising men. The advertising manager of a department store in Iowa was ill, and his new assistant was doing his best to keep things going. The proprietor, noted for his bluntness of speech, walked into the office.

"Young man," he said, "I want you to stir up some interest in the water-proof garment department. The fact is, we have a lot of raincoats that we've got to get rid of. They are shopworn and some of them are cracked, and we're offering them for little or nothing. Now we've got to get the people to buy them. There are some good ones in the lot, but if we can't sell them, we might as well dump them in the river."

The young man assured the "boss" that he knew exactly how to do it. The next morning the storm broke when the merchant opened his paper to read

## IS IT THE TRUTH?

the store's advertisement for the day. There they were—his own words in bold-face type across the page.

"To tell the truth we have a lot of raincoats we've got to get rid of. They are shopworn and some of them are cracked. We are offering them for little or nothing."

Down went his fist on the table, rattling the dishes, and spilling the coffee.

He read on: "There are some good ones in the lot, but if we can't sell them, we might as well dump them in the river."

Arriving at the store, still fuming, the merchant headed for the advertising office. His partner met him on the way and asked, "Have you heard about the raincoats?"

"Have I? I'm on my way to kick that fool out!"

"Then you haven't heard," remarked his partner. "We couldn't handle the crowd. Every raincoat we advertised was sold thirty minutes after we opened. That advertisement was a wonder. Seemed to please people by its absolute frankness."

The chance remark of an attorney in an American courtroom had wide repercussions. It ignited the spark of a great movement. Brushing off a charge of inaccuracy, he was heard to say: "Why of course all advertising is exaggerated. Nobody really believes it."

The utter absurdity of this statement impressed a listener in the courtroom. If nobody really believes it, what's the use of advertising? Yet, every exaggeration or distortion of fact does indeed tend to destroy confidence, not only in the advertisement but in all advertising and all business. The millions of dollars

## *SERVICE IS MY BUSINESS*

spent in advertising are wasted if nobody believes it. So began a long and successful campaign for truth in advertising that led eventually to the Better Business Bureau with its organized effort to unmask fraud and deception.

Truth is the primary purpose of the Better Business Bureau. Truth is its weapon. The local branches of the bureau do not prosecute the swindler or the deceptive advertiser. They merely expose him. Investigation—analysis—publicity—is the sequence which brings truth to light, and forces him to desist or retract publicly. Extensive records are kept by the bureaus for the protection of investors, customers, and newspapers who might be involved. Through these powerful means, Better Business Bureaus in nearly a hundred cities of the United States are protecting the reputation of legitimate business and helping to sustain the credibility of all advertising. Many Rotary clubs have helped to bring them into existence. Many Rotarians are active as managers or as members of their local boards.

Volumes would be required to catalogue the tricks—some crude, some subtle—through which advertising deviates from the truth. One common kind of deception was illustrated in the radio program of the American comedians, Amos and Andy. Exultantly, Andy brought home a fraudulent insurance policy, impressive with its gold seal and blue ribbon. It promised a thousand dollars to his heirs. Amos examined the policy carefully, and then remarked sadly: "It's no good, Andy. The big type gives it to you; and the little type takes it away."

Business men whose behavior in their personal trans-

## *IS IT THE TRUTH?*

actions is above suspicion succumb sometimes to a sort of poetic or artistic license when it comes to approving advertisements. Only a constant zeal for truth can make them alert to discern possible deviations. The following questions may help Rotarians to detect some of the misleading devices that creep into advertisements:

Is the format of the advertisement used to underplay important, but less attractive aspects, of the business offer?

Do pictures or descriptive phrases used, give an objective description of the article?

Are terms like "scientific proof," "cold facts," "inside figures" used to bolster loose statements?

Are testimonials by celebrities in other fields honest evidence of technical superiority?

Should paid testimonials be used?

Do comparative statements such as "formerly \$10" or "up to \$100 values" describe exactly the reduction in prices of individual articles that has occurred?

Is every person concerned with issuing the advertisement thoroughly aware of his responsibility to the whole public?

The responsibility of advertising is to inform the customer so that he may purchase more intelligently. This purpose is not accomplished by claims or implications that the advertiser is underselling his competitors. Such aspersions are as unfair in respect of competitor relations as they are generally inaccurate and misleading. They cannot always be exposed, however, as readily as was the salesman who boasted that "our paint is used on eighty per cent of the cars in America."

Impatiently the buyer interrupted him: "Your rival



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says in his catalogue that his paint is used on seventy per cent."

"What did I tell you?" retorted the salesman. "We've got him beat by ten per cent."

Comparisons are stupid as well as odious if they distract attention from the merits of the product advertised. Yet, how often this happens. Two well-known department stores condescended to berate each other recently over the merits of a new style of fountain pen. One store advertised that it had been the "first in the world" with the great invention. The other swung back: "Do you own a horse and buggy model?" Next week, the reply came: "When Johnny-come-lately tries to put Johnny-on-the-spot on the spot, what happens?" All very clever and amusing, but hardly encouraging to the customer, whose confidence in the product ebbed with the rising tide of competing recriminations.

Of course, there is no way of drawing up a balance-sheet to show the losses to advertisers as a whole that result from misleading advertisements. The incident of the shopworn raincoats was a parable—even though it actually occurred. The misleading advertiser may trade for a while on the confidence created by others, but his reputation is likely to suffer more than theirs, so that in the end it will not pay him to advertise at all. Indeed, there is evidence that in actual practice crooked business shuns publicity of any kind.

But advertising after all is only one phase of business—an echo which translates into public expression the pitch of integrity attained in plant and office and other departments. The echo rebounds from one department to another. A concern which tries to fool others is

## IS IT THE TRUTH?

likely to end by fooling itself. If the advertisement is untrustworthy, what can be expected of the salesman's expense account or the stockroom inventory? If the pitch is false throughout, it can mean ruin.

Many business men have realized the critical importance of integrity throughout their organizations by making this question, "Is it the truth?"—a test for every decision and transaction in their business. They have instructed every employee to use it habitually. They have not allowed the shifting sands of fashion nor the clamor of competition to divert them from the need for plain facts and exact statements in every business relationship. They know that it pays to be truthful. Nor are they disturbed in this conviction by the play of subtle minds. "What is the truth? said jesting Pilate, and would not stay for an answer." The answer is clear enough, for it is not honest error, but deliberate misstatement and misrepresentation, that destroy confidence.

It is told of Socrates that one day when he was bathing, a young man came to him and said, "Master, I have traveled a long distance to see you. Will you teach me what is Truth?"

Socrates invited him into the water; then put his head under and held it there until the young man struggled and gasped for breath. When he indignantly demanded to know the reason for such treatment, Socrates replied: "When you want Truth as much as you wanted air just now, you will find it."

A passion for truth in every detail and every aspect of the daily round in business or profession can only be cultivated slowly and methodically. Yet how much

## *SERVICE IS MY BUSINESS*

the business or profession will benefit from it! Once the subterfuges and misrepresentations are swept ruthlessly away, good faith and confidence will lay open the path to greater service.



## *VII. Pioneers in Human Relations*

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ANYONE interested in improving his human relations has much to learn from the art of salesmanship as it has developed through the years. To begin with, the operation of selling is almost universal. The human relations of professional men, for instance, are largely with patients or clients—customers, if you please of their services. Every producer must seek a market, even if it be through an employment office or an advertising column or a business letter. To the schoolteacher, the pupil or the parent may well be represented as a purchasing agent. Even the clergyman has a selling job to do. Selling is a two-way process: a buyer is also involved, and all people are buyers. The mistakes, the

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temptations, and the insights of salesmen are present to some extent in all these occupations.

Salesmen, furthermore, have had the courage to recognize their mistakes. More intensive study has been made of the problems in selling than in any other field of human relations. Much can be learned from these pioneers.

*Why* do people buy? *What* do customers want, actually? *How* is the salesman equipped to satisfy these wants? Even those whose occupation is far removed from selling can apply these questions to their relations with business or professional associates.

*Why* do people buy? There is no denying that price is a great consideration. A recent survey in the United States showed the importance of impulse buying, the kind of buying people do when they happen to see something that appeals to them and decide to buy it on the spot. Fifty-three per cent of all purchases in chain stores is impulse buying. Forty-two per cent of department-store business, and even twenty-four per cent of grocery purchases come from buying on the impulse. Nothing freezes an impulse so much as high prices.

Prices, however, are by no means the whole story. People desire quality, too. Often they are apt to think that quality makes an article economical at a higher price. A salesman who was encountering among his prospects a good deal of price resistance found that a frank admission was his best approach.

"Our service is not intended for any but the better rugs," was his initial statement. "I have called on you because I understand that you are the owner of very

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good rugs . . ." If the lady of the house did not agree that her rugs were better than most people's, the salesman gracefully withdrew, because he could spend his time to better advantage talking to other prospects who *were* interested in quality.

But more important even than price or quality is imagination—imagination of the circumstances, the needs, the motivations of the buyer. "*Were You Mistaken?*" was the arresting caption of an advertisement in a Rotary club publication, which read: "So you thought we were jewelers! Well, well, does it not beat all how these ideas seem to get around. Just because our vaults are bulging wide with diamonds and precious stones, with quaint and beautiful pieces of gold and silver and platinum (and because we have mentioned it from time to time) you naturally jumped to the conclusion that our only business was selling jewels. And now we have to tell you that you were perhaps mistaken. What we really sell is something quite different than you think. We sell the most precious, the most fragile, the most beautiful things in all this world. We sell Love. We sell Romance. We sell Adventure. We sell Loyalty that lasts through the years undisturbed by time and tide . . . We traffic in old-fashioned gardens with great hedges of lilacs. We are guardians of your Memories, the makers of the only dreams that last." And so on to the genial conclusion: "Everything else in time grows old but love and truth, and jewels."

Who would dispute the insight of this advertisement into the real desires of the prospective customers? Pearls of greatest price are those personal associations which they wish to commemorate.

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A salesman who has the imagination to project himself into the mind of another person to discover his real needs performs a high function, for often the other person is not quite aware of them himself. The salesman is able to crystallize vague desires perhaps, or he actually creates a value not intrinsic in his product, but none the less real since it was born of the salesman's sincere interest and perception.

How much better for the salesman to study the actual needs of his customers than to try to get business by mere assertion of his own will and desire for an order. Baked beans were a drug on the market in one city where the housewives had the habit of baking their own. All the rival manufacturers had done was to clamor: "Buy my brand!"

Then one of them had the imagination to present the housewife's side of the picture. His advertisements told of the sixteen hours required to bake beans at home and why home-baking could never make the beans digestible. He pictured home-baked beans with the crisp beans on top, the mushy ones below. Then he showed how the factory selected their beans, used soft water, and steam ovens. A free sample was offered for comparison. The customer was even invited to "Try Our Rivals' Too!"

Success attended this selling campaign because the salesman did not argue anything for his own advantage, but unselfishly considered the needs of his prospective customers. People respond to the unselfish, imaginative approach—by purchasing.

*What* do customers want, actually? First and foremost, they want to make up their own minds. They do

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not want to be browbeaten or tricked or persuaded. They want information that enables them to decide for themselves. The salesman has to let them buy. They cannot be sold.

The salesman who sets out to provide the needed information as lucidly, conveniently, and completely as he can, is the successful salesman. A store that gives the impression of placing all its cards on the table, face up, receives the gratitude of the customers and their respect. They feel that no available information is being concealed when every article has the price plainly marked, and when they are able to wander about making up their own minds without the hot breath of the salesman forever hounding them for a decision. Oh yes, they want him within reach ready to answer their questions, to share his experience, and to help them make comparisons. But he is wanted as a friend, not as an antagonist, as someone they can trust to furnish an authentic background for their purchases.

Such confidence is the most precious asset a business can possess. A delicate growth—it is fertilized by disinterested actions. People are impressed by clear demonstrations that their interests are being considered even to the sacrifice of a certain sale. A manufacturer of chests who supplied the Navy of the U. S. A. during the War once responded to an inquiry:

This locker was made of light-gauged steel neither insulated nor fireproof. The purpose was to have a box controlled by a cabinet lock for the storage of each officer's valuables but the locker had to be light enough so that it could be picked up and thrown overboard.

An item of this kind has no value commercially or in a home because it is not fireproof or burglar proof. It



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could easily be tucked under your arm and walked off with, but even if it were built into the wall, it would have no advantage because it is not fire-resistant. There are plenty of small home-safes made by the regular safe manufacturers that have Underwriters' approval and are more clearly designed for home or office use.

Here is the sort of information regarding the background of a product that is essential for an intelligent decision. It could not be more conveniently made available than through the frankness of those in the best position to know.

Salesmen who go out of their way to teach customers how to make better use of products or get longer wear from them may lose immediate sales, but they are watering the delicate flower of confidence which blossoms in repeat orders—the most profitable kind of business. A wire-brush manufacturer found a way to double the service of a brush used extensively on a certain kind of polishing-machine. So he made a point of visiting every purchaser of this brush to show him personally how the saving could be accomplished. It looked like plain suicide for the manufacturer, but these visits enabled him to demonstrate also other uses for his brushes. He clinched many profitable accounts and profitable repeat business followed. This was not plain suicide, but the salvaging of a threatened relationship, for, sooner or later, someone else would have discovered the saving and confidence in the manufacturer might have been shaken.

Like the fabulous Janus of Roman mythology, the salesman is always looking in two directions to improve his knowledge of what people want. He is the channel of information that conveys the needs and desires of

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the consumer to the producer, as well as a source of expert knowledge to the buyer.

Such, ideally, is the vocation of the salesman when he is obsessed by service rather than profit. But actually . . . ? *How* does the salesman become equipped to satisfy the needs of customers?

Training—specialized training—is the answer. The employer of the salesman should be his teacher. To be a teacher, the employer should be utterly genuine. If he is thinking of profit rather than service—if he is putting pressure on his salesmen to “produce”—then his attitude will be reflected in the salesman, whatever the teaching.

The employer who is genuinely interested in improved service can inspire his salesman with that sincere interest in people and their needs which spells successful selling. The salesman will be trained, not to win arguments, but to ask questions—to make the other person feel that *he* is the important factor in the transaction.

The salesman will be trained as an expert in his line, as a mine of technical information about the background of his products—not for arrogant display, but as necessary equipment for feeling his way toward the actual needs and interests of the customer. An old lady listened patiently to the long sales talk that a clerk had memorized. Overwhelmingly, he set forth all the fine points of a stove, its many “gadgets,” its chromium plating, and the like.

At last, timidly, as he paused for breath, she ventured a question: “Will it keep an old lady warm?”

No small part of the salesman’s training comes from

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his experience with customers. Arrogance, insincerity, and downright deceitfulness may and often do merely reflect the kind of reception accorded the salesman by those whom he aspires to serve. It is uphill work for

**Welcome!**

**MR. SALESMAN**

YOU will receive courteous attention here, for we are mindful that our own salesmen are making their calls every day, seeking interviews and business just as you are.

WE are glad to have you call, because it is an important part of our business to keep in touch with new developments and changes in products and services. Can you tell us something new . . . something we should know . . . or show us how your goods or services can help us do a better job?

WE know how much our salesmen appreciate a cordial welcome from their customers and prospects. And because we believe that the practice of the Golden Rule should begin at home, we shall keep you waiting no longer than is absolutely necessary.

*Thank you for coming to see us!*

him to develop a wholehearted devotion to the interests of his customers if they snub him, keep him waiting fruitlessly, and behave generally as if he were an enemy and a bore to boot. Like begets like. The customer who shuts himself off from these sources of information is not serving his own interests. He is needlessly in-

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creasing the cost of serving him. He is failing to realize that buying and selling are operations, not opposite in character but essentially alike, *combined* operations to achieve more efficient distribution.

Reproduced here is a card which is prominently displayed at the receptionist's desk of a company that interviews many salesmen. How encouraging to the salesman a visit to this organization must be. So much depends on atmosphere in a business or in a town. Every gesture of courtesy lights a torch that is passed from hand to hand, lighting for each one, new vistas of opportunity for better human relations and greater service.

In the creation of this atmosphere, Rotarians can play a great part, not only by their personal conduct and influence, but through club activities. An interesting attempt to get Rotarians to look into the mirror—as employers, as salesmen, and as buyers—was made in a Rotary program where a salesman and a purchasing agent tore the problem of their mutual relations apart in terms of “My Pet Peeves” and “The Kind I Like.” As members of the club joined the discussion, a richer understanding of the common task of these two vocations emerged.

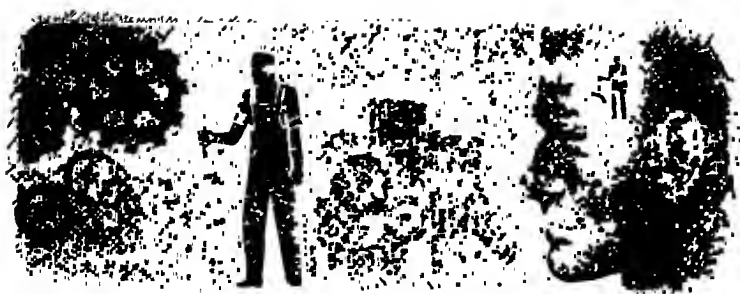
The same idea is stimulated by another Rotary club which sponsors a so-called “peddlers’ picnic” to which each member invites a salesman for a day of better acquaintance and jollity at the country club. Or there is the project of a “courtesy contest” undertaken in many towns by Rotary clubs which offer prizes for letters describing special acts of service by salespeople.

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Any Rotarian can make it his business to suggest projects of this kind to his club, and any club that undertakes them can be sure that the effects will be far-reaching.

An unexpected result of a courtesy contest, for instance, was that several local firms and a hospital started courtesy contests of their own for their employees. The town as a whole became conscious of the possibilities for improvement in human relations, and the results quickly became apparent to visitors from other towns.

Let no one suppose that a little matter like a gesture of appreciation or an expression of willingness to serve is wasted. So often, it starts a chain reaction of wide influence.



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## VIII. *Channels of Communication*

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COMMUNICATION is the magic mockery that science makes of distance. Swift flight has brought any spot of the globe within sixty hours' travel from "our town." The minds of men are being linked across the planet by telephone, radio, and television while a closely coordinated system of transport brings the loneliest farm within the reach of civilization.

Through highly sensitive devices, marvels of ingenuity and discipline, this conquest of distance is achieved. Yet the conqueror himself, too often remains isolated in spirit, aloof from his fellow-men, incapable of the most rudimentary gesture or contact.

As we have seen, an essential element in service con-

## *SERVICE IS MY BUSINESS*

sists in bridging the gulf created by self-interest. In the case of a competitor, it meant going more than half-way in friendship. Where customers were concerned, real communication was established through the salesman's interest in their actual needs.

Not so evident, however, is the need for dispelling the distance that authority interposes in relations with employees. Subconsciously a distinction is made between customers who are wooed with every sort of consideration—and employees whose time, talents, and energies have been purchased and brought under authority. According to the common assumption, it is the employee's role to woo the favor of the man who has hired him.

There is usually a half-truth in most common assumptions that need not be denied while the whole truth is being sought. Granting the authority of the employer—even in a period of acute labor shortage—is it not true likewise that employees are just as vital to the success of a business as customers? He profits most . . . whose employees are alert, intelligent, and co-operative. If they are lackadaisical clockwatchers, their employer may be wasting as much as fifty per cent of his annual payroll. If they are discontented and rebellious, all the profit from his skillful organization may go with the wind.

Once the employee is hired, moreover, there is a change in the relationship. The employer ceases to be merely the purchaser of a commodity. He becomes in some respects a salesman, with the employee in the position of a customer who has to be "sold" on his job—instructed and inspired to cooperate with a whole

## *CHANNELS OF COMMUNICATION*

heart. Even though the employee who proves unsatisfactory can be dismissed, his case is not so different from that of a customer whose account is closed for one reason or another.

Much of the experience gained in relations with customers can be applied in obtaining the best efforts from employees. The first step is to overcome the distance imposed by authority. The salesman finds that his primary function is to study the needs of his customers and to place their interest in satisfactory service before his own interest in profit. Customers respond favorably to such treatment, and so do employees.

"They act as though they wanted to give us a break," said the president of a trade-union in tribute to a company with which he had been having difficult negotiations. "We don't always win, but no matter how big or how small the matter may be, they always listen. You can't help liking guys who listen."

The lack of easy channels of communication is often an initial cause of many destructive labor disputes that spread impoverishment far and wide. Inability to listen is no less fatal in many small businesses where silent frustration may be even more destructive of efficiency than open revolt. Rotary in action would provide an open door to the boss's office, a standing invitation to employees to come in and air their difficulties. The president of a Rotary club in California suggests the following points to remember "when an employee is dissatisfied and comes to you for an interview":

Listen, don't talk. Many things will work themselves out when the employee is allowed to "get it off his chest."



## SERVICE IS MY BUSINESS

Don't argue.

Don't lecture. The employee feels cut off. Lecturing blocks communication.

Pay attention to what he wants to say and help him to express himself clearly.

Don't express moral attitudes.

Don't let your emotions creep in.

Test your understanding and at the same time stimulate further expression by summarizing from time to time the employee's views.

The employer's effort in all such interviews should be to help the employee talk out his problem; to secure an understanding of the difficulty; and to assist in finding a solution.

The precious time given to such interviews will not be wasted if they result in a new awareness and increased energy on the part of the employee. Without pretending to be psychiatrists, employers need not ignore the fact that personality problems often affect the efficiency of the worker. These may spring from tangible worries ranging from sickness in the home to unpleasant relations with a fellow-employee. Or, it may be some deep-seated personal difficulty.

A doctor who has had much experience with the impact of personality in factory work has classified these maladjustments as arising from a number of causes: excessive preoccupation with self, aggressive responses to things or persons in the environment, aggressions turned inward (often resulting in deliberate accidents, drunkenness, or self-induced failure) passively dependent traits, and compensation for insecurity or inadequacy.

## CHANNELS OF COMMUNICATION

The employer who thinks he detects any of these maladjustments in his employees may not be able to provide a complete solution. Knowledge of their existence, however, may suggest changes in the kind of work the employee is doing or perhaps association with different people.

Praise and blame are two channels of communication open directly to the employer because of his authority. Used positively, constructively, in relation to performance of the job rather than to personality—both can bring about a better relationship with employees. Blame, however impersonal, may be depressing unless the recipient is very sure of his ability to overcome the defect. Many employers accordingly prefer “a criticism sandwich”—two slices of praise for things the employee is actually accomplishing with one slice of blame in between where correction is desired or needed. In keeping blame impersonal, complete privacy is almost essential, for spectators direct the employee’s attention toward himself and create a feeling of self-pity.

An employer, moreover, who takes upon his own shoulders a generous share of the blame for failures that have occurred not only avoids humiliating the worker, but also discourages any tendency to “pass the buck,” a habit as infectious as it is harmful to the general morale of the business.

Is there any substantial reason for the fear sometimes expressed that such human consideration for the feelings of employees detracts from the authority and dignity of the boss? Surely not. There is no question here of “coddling” employees any more than might

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exist in a similar concern for the feelings and complaints of customers. The same Golden Rule impels you to treat employees as you would like to be treated if you yourself were working at the bench or behind the counter.

Each complaint provides an opportunity for achieving basic improvements in the relationship. Rules that are infringed may need to be explained or it may develop that they are not really necessary. Employers are discovering constantly that the abolition of needless restrictions is very helpful to employee morale, and that self-discipline or group discipline by fellow-workers is just as effective. A plant that dispensed with time-clocks and permitted the employees to smoke, lunch, or rest when they chose, was rewarded by increased output. Abuse of these privileges by individual workers was roundly rebuked by fellow-workers. An "honor-system" shifted the burden of unpleasant supervision to the employees themselves.

Another valuable channel of communication is the encouragement of new ideas and suggestions. A labor leader gave trenchant utterance to the need for opening this channel. "There never was a factory yet that came within hailing distance of its fullest possible production," he told his union members. "And it never will without *you* and *you* and *you*. You can see things that management can't see. You can see the little wastes that add up to the one great terrible waste. Management can't stop them. You can."

An employee should know the details of his job better than anyone else. Certainly, he has a particular point of view and a special interest in it. Ideas often

## CHANNELS OF COMMUNICATION

occur to him that would escape anyone not so closely identified with the work at hand. If he knows that his suggestions are welcomed, carefully studied, and fairly rewarded—or, at the least, recognized—he is likely to take a more intelligent attitude toward his work.

A railroad has popularized the slogan, "There is no ceiling on new ideas." In its advertising it boasts of the thousands of dollars it has paid for valuable employee suggestions. No matter if three-fourths of the ideas prove impractical—provided their authors are told why—those that are adopted more than compensate for the trouble of installing a suggestion system. The value of the by-products in general keenness and sense of participation is inestimable. No concern is so small that it cannot benefit from a system that employees know is fair and efficient.

A broadening of this channel of communication has been introduced by a Rotarian in what he calls "multiple management." In his business, a revolving committee of employees considers suggestions for improved efficiency with the single stipulation that they must approve ideas unanimously before endorsing them. Very few of the proposals endorsed by these committees have failed to receive prompt and profitable application. In addition, there has been instilled throughout the concern a spirit that could not be purchased at any price. As one employee put it, "I feel like I'm in business for myself with someone else's money."

One leading British company has a meeting every three or four weeks with a group of employees whose names literally come out of the hat and represent all departments. No minutes are taken and the directors

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present give a guarantee that no employee will be penalized in any way for anything he may say. Only one question is asked by management: "What's wrong with us, and how do you think we can improve our management of the company?"

The results are reported to be immensely worth while, and the directors have gained a valuable personal contact with large numbers of their workpeople by this means. Great interest has been created in the progress and management of the concern, and during the operation of the plan over a number of years there have been no strikes.

Employees too often assume that management knows little or nothing of their problems. However, a recent study of the largest businesses in America showed that the starting wages of the 143 men who are now top executives averaged \$13.40 a week. Like the vast majority of employers, these men started very near the bottom. Yet to how many employees, is management away off somewhere in an ivory tower.

Similarly, the wildest opinions often exist about the extent of profit that is being taken from industry. One poll of workers registered the belief that the owners took seventy-five per cent of the gross receipts. Railroad employees guessed on the average that stockholders of their road received a twenty-seven per cent return on their investment, whereas the actual dividends amounted to just three per cent. Another poll of workers revealed that less than a quarter of those polled had received any substantial information about the plans and prospects, problems or profits of the concerns which employed them.

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Does not this failure to communicate, rather than any ambition on the part of employees to usurp the functions of management, explain much current discontent and unrest?

Many alternative channels exist for dispelling this kind of ignorance. Some firms enclose in their pay envelopes simple and graphic statements of their financial situation. Others make such statements a part of the general information in house organs which are distributed to employees and their families. Smaller concerns may best convey this information through meetings of employers with employees.

The object of such meetings should be to reduce the distance imposed by authority; to impart the fervor that may be lost in transmission through subordinates; and to face frankly the problems and misunderstandings that disturb employees. The Rotarian who is able to do this with simplicity and without, as one executive put it, "making noises like a corporation," has not wasted his Rotary training.

Meetings with employees also provide the best atmosphere for communicating the ideals of vocational service. This good thing should be shared. If a Rotarian keeps Rotary to himself as a private cult, he is missing much of his opportunity to serve society. The daily incidents of business furnish him with admirable illustrations for arousing in his associates the realization that "they also serve." It will interest them to know why he goes each week to his Rotary meeting, what he gets there, and how it affects them. No better bridge could be constructed for human relations than the explanation by an employer of his own adventure in

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service. And how thrilling to his employees would be his invitation to comradeship in this adventure.

"They also serve." The eagerness of employees to share, richly and deeply, the aims which Rotary brings to business, has been amply demonstrated. Here, for instance is testimony received by an employer in a letter from a former employee—a Negro dockhand. It read in part:

I am sure that you have long forgotten me, though I often think of you, especially when I see anything pertaining to Rotary. First, I should tell you who I am. I am Walter, who was with your lumber company for many years, and left it six years ago to come to my present position. . . .

I shall not soon forget the spirit of brotherhood that existed in that yard from you, as head, to the humblest laborer down on the docks.

Then after recalling the personal characteristics of several other employees:

I happened to see a *Rotary Reminder* of December and read of your perfect attendance. Also I saw the January number and read your letter of thanks for the fruit. So I will close with good wishes to Rotary to which you have devoted much of your life. May she rotate on and on till the cogs have caught the garments of the worthiness of my race and draw them nearer, a people that never had a "white man's chance."

Sharing vocational service with those who work in a Rotarian's employ will reduce the distance imposed by authority. It will not reduce the respect owed to that authority, but it may transform it into love, "the dear love," as Whitman called it, "of man for his comrade."



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## IX. *A Square Deal for Employees*

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THE contract, express or implied, which ties a man to his job is one in which good faith must have the deepest significance. From the employer's standpoint, the work done within his business is the commodity he offers to society. Faithful work is essential to the success of the business—faithful employees its greatest asset.

For the employee, this contract concerns the most precious of all commodities—his own life—which he invests in the organization that employs him. His past experience, present status, and future hopes are all packaged in this fateful agreement. If he does not have confidence that he is “getting a square deal” in return



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for his outlay of energy and skill, he suffers a deep frustration that may be harmful to his efficiency.

The question of a person's worth is not determined, of course, by the whim or benevolence of the employer. A cartoon pictures a bar of iron worth \$5.00. The same bar of iron made into horseshoes would be worth \$10.50. Made into needles, it has a value of \$3,285.00; and if turned into balance-springs for watches, it becomes worth \$250,000.00. The value of any material is not determined so much by what is in it as by the *service* it performs.

So it is with people. Their economic value depends on what they produce. This, in turn, depends upon a great many complicated considerations. Only under the most primitive conditions of production and barter might the worker hope to get the full value of his production. In the Middle Ages, the problem was already so complex that theologians argued endlessly over the just wage and the just price. Today, with machine production, fluctuating currencies, and the extreme specialization that separates the producer from the ultimate consumer, the problem of what is a just wage in any particular instance becomes practically insoluble.

The president of a Brazilian Rotary club, in an address on employee relations, expressed part of the dilemma as follows:

The principle is that it does not appear to be right to fix the same remuneration for good and bad elements alike, and to lose sight of the immediate aim of a salary which should correspond to the work produced. We admit that the minimum wage was a necessity to avoid abuses. But from there onward, the actual system of increasing wages under threats, or under impositions, in-

## A SQUARE DEAL FOR EMPLOYEES

cluding prosperous concerns with those of smaller resources, comes to be a crying inequality.

The difficulty of actually achieving a square deal with employees only increases the need for *good faith in seeking one*. An open and earnest effort to establish a fair scale of rewards is needed. But, in describing the efforts of some Rotarians, no claim is made that any one of them actually achieves a square deal or that a specific plan could be used in every business. They are reported, rather, as manifestations of good faith and sincere intention.

Each business has its own special problems and must cut its coat according to its cloth.

The modern sciences of aptitude-testing and job-analysis are useful in finding the relative worth of employees in the same business. Keeping square pegs out of round holes, and making sure that each task is valued correctly in terms of difficulty and experience does not determine, however, what wages should be paid. At best, human abilities are conserved with resulting profit to all concerned.

A Swiss Rotarian was able to develop a simple plan for determining wages in a plant where there had been many complaints and jealousies among the workers. A basic wage was graduated according to the age and domestic responsibilities of the worker. To this was added a so-called active wage based on the degree of skill or experience required by the particular job. In addition, a productive wage was geared to output. Since each part of the plan was assessed on a common point system, the satisfaction of the workers arose from knowing exactly what was required to improve their position.

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A rather similar point system is used by an American insurance company to decide the readiness of its employees for promotion. The following qualities are taken into consideration: teachability, supervisory responsibility, initiative, public relations, analytical ability, personal friendliness, monetary responsibility, application, volume of work, neatness and accuracy, thoroughness.

Each quality (teachability, for example) is assessed according to the following definitions, and the capacity for advancement emerges from the average score after all the qualities have been assessed.

	SCORE
Needs repeated instruction (unsatisfactory in present position) .....	1
Requires detailed instruction (decreasing efficiency)	2
Slightly below average (keep in present position) ..	3
Average (advance questionable) .....	4
Slightly above average (advance slowly) .....	5
Readily grasps new ideas (advance steadily) .....	6
Outstanding ability (advance rapidly) .....	7

An obvious weakness of this system is the variability of human capacities and the relative importance of particular qualities to any given job. The chief advantage, however, is in making such assessments known to the employee. In this way he may see where improvement is needed and be convinced of the good faith of his employer and that he is receiving a square deal. Many Rotarians take pride in the fact that their good faith with employees is so evident, and working conditions so satisfactory, that no employee has ever been moved to ask for a raise.

It would be ideal if ambition could be directed al-

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ways into constructive effort through the assurance that increased productivity would reflect automatically in the pay check. The National Industrial Conference Board (U.S.A.) offered a critical study of "measured day work." A base rate of pay was established after a job had been valued in terms of complexity, skill, mental, and physical demands. This rate was then compared with prevailing rates for similar jobs in the same area. In addition, extra compensation ranging from 15 per cent to 25 per cent of the measured day rate was given for production, quality, versatility, and dependability. One result of this plan has been less spoilage, because the worker knows that each piece of scrap affects his rating. There is also an eagerness to develop short cuts in manufacturing, and closer relations with supervisors.

One disadvantage noted in this plan is that exceptionally fast workers are discouraged by the limited variation between normal and maximum rates. That weakness was overcome by a Rotarian who operates a factory with fifty employees. He made them virtual sub-contractors of the orders which came into the plant. The employer furnished the material and machines, and bore the overhead expense. The worker supplied his labor at a rate considered fair to him, to the company, and to the customer. From the moment this sub-contract was accepted, the worker became his own boss. The faster he worked, the more orders he could handle and the higher his wages would climb.

This scheme was profitable to the company because it permitted exact cost control, and the results in employee satisfaction were amazing. Not only did ambi-

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tion lead to greatly increased earnings, but there was no need for pushing or for stop-watch holding and little need for inspection because a spoiled unit had to be done over on the employee's own time.

There is ample evidence that thorough development of such plans is beneficial to all concerned. Another company with an incentive-pay plan reported an 80 per cent decrease in man-hours for the same volume of goods, a \$5,000 annual wage for laboring men, lower prices to the customer, and dividends on a stable basis from year to year for the stockholders.

Business stability interests not only stockholders but everyone affected by the boom-and-bust cycle that has plagued world economy. Most affected of all is the employee who is laid off during slack times. One man so affected strode into the office of his Rotarian employer.

"You can't do this to me!" he declared bluntly. "You can't turn me out onto the street. You wouldn't do that to a horse. You can't do it to me."

The employer was embarrassed. "Can't you go back to the job you came from?" he asked.

"No, I can't," said the man. "I had just got a little business started when you sent a man to ask me to work for you. I didn't know that you would just keep me a couple of months—just long enough to ruin my business—and then turn me out."

This caused the Rotarian to think hard. His business was of a seasonal nature, and such layoffs were quite common and customary. But were they *fair to all concerned*? By careful planning, he was able to reorganize his operations so that every employee was hired at an

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annual wage. The key to his plan was flexibility. New employees were assigned to an "extra gang" which fills in wherever there is a rush. Whole departments were organized as extra gangs. In this way, it was possible to keep his labor force busy and earning most of the year.

That this plan, coupled with an incentive system on a departmental basis and profit-sharing, is satisfactory to labor is evidenced by the recent renewal of a union contract which included a guaranteed annual wage for 2,080 hours each year. Actually this type of contract is being sought increasingly by trade-unions, and a U.S.A. government study indicates that introducing these features in most seasonal industries would not increase costs more than six per cent if coordinated with existing system of state unemployment compensation. While no panacea for insecurity, this study concluded, the annual wage does make a substantial contribution to the stabilization of purchasing power.

How purchasing power can be "stabilized" was described at a Christmas party in an American pottery plant where the owner, who had been on poor relief 14 years previously, distributed \$705,000 to his 827 employees. Each of the 88 men and women who had been with the business ten years or more received a bonus of \$3,500. This story-book rise to riches began when the employer with seven other relief clients came to live in an abandoned pottery building. "My road has not been an easy one," remarked the employer to his party guests, "but no man could ask for one more pleasant. Many people would like to be a king, possess great riches, or live a life of ease, but I would not trade your friendship for anything in the world."

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This story has a heart-warming sequel. More than a year later, a disastrous fire left half the pottery a charred and twisted ruin. Uninsured, the owner thought that he was ruined, but he had not counted on his friends. While the building still smouldered, hundreds of employees and townsfolk were at work feverishly clearing away the debris. Manufacturers of materials were promising quick delivery. To show that he could count on them, employees put \$1000 into a pot before the fire was out, and subsequently worked at a low hourly rate on the unfamiliar task of rebuilding. Within two months, the plant was restored and equipped for a greater volume of production. Once more the employer had an apt comment: "I've invested in human nature in this community and no man ever received greater profits than its goodwill."

The theme of "you can't take it with you" has often been a dominant note in profit-sharing, but the aim of giving employees a square deal and actually increasing profits through stimulating their keenness, inspires the more carefully thought-out plans. Whether as largess, as a demonstration of good faith, or as plain good business, the tangible participation of employees in the success of capitalist enterprise is receiving widespread attention.

*The Eastern Rotary Wheel* reports a club meeting in Calcutta, India, where profit-sharing was seen as the cure for labor conflict, particularly in small concerns where there is intimate contact between all sections. Under the New Zealand Company Act (1924 and 1933) a plan for "labor shares" designed by a Rotarian be-

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came legal. In this scheme of employee-partnership, control of the business as well as profits is assigned on the basis of personal service. Mountains of statistics were accumulated by a subcommittee of the U.S.A. Senate in its "Survey of Profit-Sharing" (1938) to demonstrate that profit-sharing had been practiced successfully by large impersonal corporations as well as by small firms.

The objections of labor to profit-sharing, on the grounds that it is an uncertain form of reward and hampers organization, can be overcome. This was demonstrated in the experiment of a Birmingham (England) Rotarian who had had a long experience in sharing his profits. Some skeptics told him: "Yes, men will behave all right while it pays them. If circumstances were such that by showing goodwill it would affect their pockets, there would be a different tale to tell." Also, he heard some trade-unionists say that a firm that has profits to share should pay them out directly in higher wages.

The Rotarian was so impressed by this last argument that he decided to present such a scheme to his employees—an end to profit-sharing and a general raise in wages. To his surprise, the general meeting of employees received the plan without enthusiasm. Everyone agreed that it was quite generous, but each man who spoke seemed to have the fear that it would spoil the good spirit that had existed hitherto. One remarked that they had ceased to think of their jobs merely in terms of what they were going to get out of them, and did not want to be deprived of their dignity as *partners*.

A business that distributes half of its net profits to



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employees and is now five times as profitable as in the old days when the owner kept all the profits for himself, found that it could accomplish this happy result only with the cooperation of the union. Membership in the union was made a prerequisite of sharing. Dividends were paid monthly according to the changing ratio of the sales value of production to labor costs. With the cooperation of the union in allowing workers to change jobs and to help each other, unit efficiency increased 54 per cent in the first year.

But what of the non-profit organization? Where there is no opportunity for profit-sharing, or similar employee incentives, can other means be found to provide the square deal for employees?

Rotarians need only to look to their central office in Chicago and to its branch offices to find the answer to this question. Rotary International is strictly a non-profit organization. Its revenue is from a fixed per-capita contribution of its member clubs. Its income increases only in proportion to the increase in the size of the organization—and such increase brings with it a corresponding increase in expenses. Here is found a staff, averaging some 160 persons, who can have no delusion that increased production will result automatically in increased revenue, which will, in turn, be reflected in the pay envelope. They are not dealing with production units and follow no sales graphs or charts. They deal in intangibles. Their interest is in quality production rather than quantity.

Yet those Rotarians, who have worked closely with these men and women as members of the board of directors or of Rotary International committees, have

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never failed to marvel at the loyalty, the sincerity, and the *esprit de corps* of the staff. The turnover in this relatively large staff is so small that an increasingly large number have been in the employ of Rotary International for more than a quarter of a century. Their interest in the work is so keen that there is no difficulty in getting more than enough volunteers to work on Sundays, or holidays, when the board of directors is in session or when emergencies occur.

Add to this the fact that the governing body of Rotary International undergoes an almost complete change of personnel annually and a complete change every two years and one wonders, therefore, what may be the secret of this spirit of cooperation between employer and employee. Frankly, there is no secret. It is merely an example of vocational service in action. Rotary International practices what it preaches. Rotary International provides for its employees pleasant working conditions and a healthful, friendly atmosphere in which to work.

While there can be no profit-sharing, as such, Rotary International does provide on the practical side through such employee benefits as retirement pensions, group insurance, hospital plans, Christmas bonuses, liberal vacations, and salary supplements tied to the cost-of-living indexes. There are no "grievance committees" because Rotary work is carried on in an atmosphere where every man and woman knows that if he has a personal grievance he or she can take it directly to "the boss" and talk it over in the true spirit of Rotary.

Surely, the principles of vocational service are getting more than lip-service at 35 East Wacker Drive in

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Chicago—and in the branches of that office. Rotarians are cordially invited to inspect these “plants” at the first opportunity.

In all these efforts that Rotarians and others are making to achieve a square deal with employees, the keynote is expansion, increased efficiency, and employee satisfaction. In the square deal, the employee plays his part, convinced and inspired by the good faith manifested by the employer. He begins to identify his interest with the firm and to share the vision of its possibilities. He comes to appreciate the role of capital in storing up profits for a rainy day and investing in new machinery to improve the productivity of labor.

When the first census of manufacturers in the U.S.A. was taken 97 years ago, the average worker was putting in 69 hours a week and took home \$4.74. The manufacturer had on the average \$557 invested for each worker he employed. Today the employer has over \$7000 invested for each worker who puts in about half as many hours and draws ten times as many dollars. The importance of this form of profit-sharing will not be lost on the employee who appreciates a square deal, and he will seek to reciprocate by refraining from wild-cat strikes, by meeting production standards, and by striving to attain the qualities of the faithful employee specified in the following statement:

### A SEARCH FOR MEN

#### *Wanted*

A man for hard work and rapid promotion, a man who can find things to do without the help of a manager and three assistants.

A man who gets to work on time in the morning and

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does not imperil the lives of others in an effort to be the first out at night.

A man who is neat in appearance.

A man who does not sulk for an hour's overtime in emergencies.

A man who listens carefully when he is spoken to and asks only enough questions to insure the accurate carrying out of instructions.

A man who looks you straight in the eye and tells you the truth every time.

A man who does not pity himself for having to work.

APPLY ANYWHERE: The world is searching for such men.

Perhaps Winston Churchill was thinking of such men when he described his view of the square deal enlarged to a national scale:

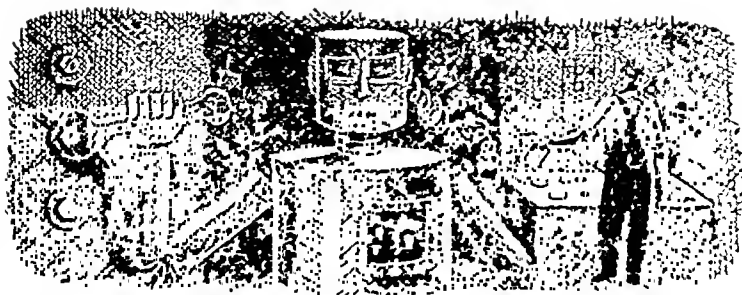
"Our aim is to build a property-owning democracy, both independent and interdependent. In this I include profit-sharing schemes in suitable industries and intimate consultation between employers and wage-earners. We seek as far as possible to make the status of the wage-earner that of a partner rather than an irresponsible employee.

"It is in the interest of the wage-earner to have many other alternatives open to him than service under one all-powerful employer called the State. We do not wish the people of this ancient island reduced to a mass of State-directed proletarians, thrown hither and thither, housed here and there, by an aristocracy of privileged officials or trade-union bosses. Our ideal is a consenting union of free, independent families, and homes."

Perhaps the first step in realizing this ideal is for employers to subject their present arrangements in rewarding and advancing their employees to a careful

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scrutiny. Even though it may not be practical to redeal the cards immediately, it should be possible to remove the suspicion that whim or accident is a controlling factor. To establish confidence in his own good intentions is essential for any employer who hopes to inspire goodwill and earnest effort.



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## *X. Robots or Human Beings*

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**I**N the old days, apprentices and helpers were eager to sacrifice long years in order to attain coveted skills. Often they lived in the same house as their master and worked under his personal guidance day in and day out. They could admire his skill, and see the work grow to completion under his hand. In the process, the master transmitted to the apprentice something of his own personality and enthusiasm. Skill once attained was accompanied by pride of accomplishment.

How different is the picture today! Time Card Number 3456 punches the clock and takes his place on the assembly line at a specified hour. Soon there start to flow past him, rather grotesque and meaningless ob-

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jects consisting of bits of metal and wire. As they slip by, one at a time, Number 3456 takes Nut No. 93 in his left hand, places it on bolt No. 4a, tightens it with a C2 wrench, and then turns to meet the next object. He does the same thing again and again—until it is time to punch the clock and go home.

“A great vacuum in the life of the worker because his work has become soulless—without personal character”—is deplored by *Der Schweizer Rotarier*, the magazine of Swiss Rotarians. Even in Switzerland, where the tradition of fine craftsmanship has been preserved more generally than elsewhere, the complaint is heard that the finger of personality has departed from the product.

What the worker possesses in skill has no visible value. His knowledge and interest are lost in modern methods of manufacturing and packaging. If he feels that he is not important he is likely to become indifferent, discontented, aiming to give of himself as little as possible—a money-making automaton rather than a craftsman.

Could this be the root, perhaps, of much of our labor trouble today?

A British Rotarian writes: “It is an astounding reflection that in the last 150 years, man has achieved more in technical, scientific, and industrial progress than in the previous million years. What a stride has been made since the beginning of the industrial revolution with the discovery of steam, oil, and electrical power. It is difficult to conceive of life without them.

“But what of man? Has he created a Frankenstein to destroy himself with his airplanes, rockets, and atomic

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bombs? What of the human beings in the machine of mass production? Are they just something for which a machine has not been invented? Robots? Or are they flesh and blood, men and women, having feelings, ambitions, love, hatred, and despair—yes, and children, too, loved ones for whom they would fight and die?

"Nowhere can Rotarians make a more vital contribution in vocational service than by giving earnest and constant thought to this problem: How can I humanize my concern? How can I make every man, woman, boy, or girl who works for me realize that in a real sense they are my business family, sharing with me the toil, the ambitions, the achievements, the hopes, the sorrows, and the rewards of a joint adventure?"

On all sides, leaders in commerce and industry are pointing to human engineering as a new frontier. Said the heir to one great industrial empire, "If we can solve the problems of human relations in production, I believe we can make as much progress toward lower costs in the next ten years as we made during the past hundred through the development of the machinery of mass production."

These opinions were not conceived synthetically to beautify after-dinner orations. They were born under the compulsions of three shattering experiences, universal in their impact and of great practical consequence—the world depression, the world war, and the collapse of morale following the war. Each of these experiences demonstrated in different ways that the idea of "economic man" was too simple, that people could not be accurately defined as "something for which a machine had not been invented," that the su-



preme problem of this generation was to match progress in technology with progress in human relations.

To state the problem is not to solve it, however. Human engineering has a long way to go before it catches up with mechanical engineering, and when business men contemplate this enterprise they may well recall the lines of Santayana:

Our knowledge is a torch of smoky pine  
That lights the pathway but one step ahead  
Across a void of mystery and dread.

Scientists are usually the last to dogmatize, for they know how often their most cherished theories are overthrown. One investigation by Harvard professors devoted five years to observing the same girls doing the same job. Every conceivable variation in their personal lives and the conditions of their employment was carefully correlated with their output. Everyone was happy with the results because improved working conditions seemed to improve the output and the earnings of the workers. But then one investigator proposed to restore the original conditions—the forty-eight-hour week without rests, lunches, etc. Output, instead of declining as expected, maintained its high level. The theory that improved conditions and absence of fatigue automatically increased output seemed discredited.

The investigation then turned to individual interviews with more than twenty thousand workers, but still without measurable results. Then finally came the study of normal groups. In one such group, fourteen men were put on group piecework, where the more they produced the more they earned. Instead of the faster workers encouraging the slower, the sentiment

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of the group was to keep output at an agreed level. Nor had natural ability as measured by tests of intelligence and dexterity any relation to actual output. Only in terms of powerful sentiments in the group could the individual differences in output be explained.

What are these powerful sentiments in human beings that underlie and often supersede the obvious incentives of monetary reward and profit? That is a question that must interest not only employers, but salesmen, teachers, doctors and dentists, in fact, anyone whose work calls for a deep-down understanding of people. Answers vary infinitely and gain by being specific, but here is a general conclusion reached by the Labor and Management Center of Yale University.

The goals of the human organism, whether it house a floor-sweeper or the president of a company, are to gain—

- (1) The respect of his fellow-men;
- (2) Material comforts and as much economic security as the most favored;
- (3) Increasing control of his own affairs;
- (4) Better understanding of forces and factors at work in his world;
- (5) A basis of integrity for living.

This brief excursion along the frontier of human engineering may suggest the type of investigation that is taking place today. If it seems rather theoretical, Rotarians may recall the remark of Michael Faraday when he was showing his first experiment in electromagnetism. A member of parliament asked him of what use it was, and Faraday replied: "Well, of what use is a

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newborn baby? But you may be able to tax this some day."

Rather more might be claimed for human engineering as it is being developed, not only in the study of employees, but in all phases of vocational service. Each business or professional relationship that involves people calls for careful examination of their goals, their sentiments, and their abilities. It calls for constant re-evaluation of personal attitudes and policies in the light of this examination. Each store, each office, each workshop, each factory is a laboratory of human engineering where living, vital knowledge is waiting to be organized.

From this viewpoint, the "recognition of the worthiness of all useful occupations" enjoined by Rotary's Second Object, acquires an *active* significance. As eloquently described in a speech by the president of a Chinese Rotary club, it involves humility, understanding, and leadership.

"The occupation of the cobbler," he declared, "with his little rap-atap-tap stand on the street corner or the shoe-shine boy yelling to you 'Shoe shine, Joe?' along the sidewalk is just as worthy and dignified as the occupation of any banker with his office luxuriously fitted with panelled walls, telephones, cushions, and swivel chairs and all the fineries becoming of his occupation. However humble an occupation be, it is up to the man to make it worthy and dignified.

"Have you ever had the experience of taking a rickshaw ride without previous bargaining as to the price of the ride? Then, at the end of the journey, you give the rickshaw-puller a certain sum of money and he

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voluntarily returns to you some change without your asking? Well I have had that experience. More than once. Now what do you think of that rickshaw-puller? In my opinion, that rickshaw-puller has high standards in his business of rickshaw-pulling. He recognizes the dignity of his occupation. He feels that in accepting the whole sum of money you give him for the ride, he would be charging you an exorbitant price for his work. Ostensibly, he is trying to be fair to you. But subconsciously, he is rendering a service to the community.

"These men, though they are not Rotarians and though their occupations are about the most humble in the social scale, are exemplifying the principles of Rotary, that 'business is service' and that 'he profits most who serves best.' They are doing their best to build up a better community for a better country and a better world. What these humble non-Rotarians are able to accomplish in their efforts to serve society, we as Rotarians should be able to do better; yes, in comparing the advantages we have over these men of humble occupation, we should be able to do thousands of times better."

A confession comes from a Rotarian, so distinguished for his relations with his employees that he was selected as an employer-representative at the International Labor Conference. As the result of some unhappy experiences on the eve of his departure, he was feeling rather bitter about labor in general as he crossed the ocean. One evening in company with some fellow-delegates in the smoking-room, this feeling came to the surface in a somewhat vehement expression of misgivings concerning the whole picture of labor-man-

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agement relations. In the midst of his lament, one of the delegates suddenly interrupted him. "Look here," he said, "I'm going to ask you a question. Don't think. Just answer right away—quick! *Do you like your men?*"

As the Rotarian tells the story, he was considerably taken aback. "Do you know, I was unable to answer that question right away. If he had asked me whether I loved my wife or children, I would have said 'yes' without thinking. But when he put that question up to me and I couldn't answer it, I knew there was something wrong with me. I should like to ask you—any of you—to go and sit down in a quiet corner and ask yourselves that question and see what your answer would be.

"The delegate's advice to me was, 'Go home and like them, and see the difference.'"

Employees are people. Like all people, they like to be liked. It makes a difference that can be apparent in many ways. The visitor to a large plant where some marvelous new machines had been installed, commented to the president of the company: "They certainly are beauties, and I expect they cost you a pretty penny. But they weren't what impressed me particularly. What struck me as we walked through those great shops was the look on the faces of your employees, the ready smile and the words exchanged with some of them. It showed that these people were glad to work with you and that even big business need not lose the personal touch."

Treating employees as people involves inevitably the consideration of matters only remotely connected with their jobs. Tangible demonstrations of this friendly

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concern with the physical, social, and spiritual well-being of employees are legion. Provision of comfortable and healthy working conditions carries over naturally to the furnishing of free medical care and hospitalization for the employee and his dependents, economical housing, recreational facilities, paid vacations, and pensions.

"We try to make our workers' lives worth living," was the simple explanation of one firm which had provided for the welfare of employees in *all* these ways.

Another firm which supported an exclusive country club for the recreation of its employees and their families proclaimed: "At the heart of our plan is the belief that the healthy worker will out-produce the sickly one, and that a happy worker will do more work and do it better, than a discontented one."

Nor are these efforts to treat employees like people confined to large and wealthy corporations. The small organization with its intimate first-name relationships can and often does plan extensively for its employees' welfare. A Canadian employer told his vocational craft assembly at a Rotary convention how "we organize our workmen."

"We have bowling leagues in the wintertime," he stated, "and we give a banquet for them at the end of the season. We have picnics for them in the summertime. We have hockey games. Many of them go fishing and they bring back pictures of their catch. We give a prize for the biggest fish caught. They get a great kick out of it. You have got to work for those fellows because they are working for you. Pay them

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back in something besides coin, because coin won't buy everything in this day and age."

In a pamphlet called "Firm Foundations" issued by the Rotary Club of Capetown, South Africa, small business is advised how it can help its employees through savings plans, group insurance, and the guarantee of loans. A medical-aid society in which firms with only a few employees can participate was launched in Rhodesia. And for those who may doubt Rotary's influence in vocational service, it should be noted that the impetus for this scheme came from the vocational service chairman of a Rotary club.

Employers who like their workers and think of them as people do not lack inspiring examples of tangible ways to express their sentiments. The list of benefits and welfare projects is inexhaustible and, in some ways, bewildering. Questions arise. Do employees appreciate what they are getting? Are these costly gratuities justified in terms of heightened morale, increased productivity, reduced labor turnover and less-frequent absences from work? Or are these typical replies taken from a recent poll of employees an indication that treating them like people may sometimes misfire?

"I thought the government paid for it."

"They take it out of our pay."

"I didn't even know there were such benefits."

"It's paternalism!"

Such comments are not at all uncommon. As a response to a friendly gesture they are sometimes hard to take. Yet they do illustrate the dangers inherent in all social undertakings. That enlightened despot of Prussia who carried his concern for his subjects' wel-

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fare so far that he went around dipping his finger into their cooking pots to assure himself that they were getting the right nourishment, is a warning to all of us. The self-conscious philanthropist with "an overpowering air of doing good" is generally resented and often suspected.

The mistakes of paternalism and all its disappointments can be avoided if common sense is mixed in liberal quantities with sentiment. A frank and objective recognition that the money spent on these benefits could be added to the workers' pay may lead to the decision that they should be consulted about the project being planned. Or the individual employee can be left completely free to decide without stigma to his reputation as a "good fellow" whether he wants to participate in activities sponsored by the firm. In this way the concept that "employees are people" can be stretched to include the realization that they are "persons" too, with freedom of choice, and therefore more likely to join in where they have complete liberty to refuse.

On the other hand, enlightened self-interest should never be masked under a spurious benevolence. General statistics show that absenteeism costs as much as the average company's net profit. Labor turnover in many plants runs as high as 50 per cent a year; and the cost of recruitment, placement, and training, even of an unskilled worker, averages close to a hundred dollars. Accordingly, there is ample justification of expenditures that help to keep employees healthy in mind and body, free from worry and happy in their jobs. The benefits that produce these results can often



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be made available to employees as a group far more economically than they could be obtained individually.

Frank explanation of these facts to employees can help remove any suspicion of paternalism.

Robots or human beings? No little part of the discontents and frustrations of employees mirror the feelings of inferiority caused by conditions in modern employment. The man on the assembly line feels caught in a rut, a mere extension of this great impersonal machinery of production. Plans for improved communications, incentives to production through the pay envelope or the provision of special benefits leave him cold or suspicious unless they are accompanied by an appeal to his sentiments and self-esteem.

Here is where the trade-unions have gained their stronghold upon the loyalty of the workers, for they offer to wrest all these labor gains from the employer by mobilizing the power of the employees as a group. Each member's self-esteem is gratified by each victory. Unfortunately, these "victories" are at the expense of driving a wedge between employees and managers, an unnatural wedge that diminishes efficiency, decreases production, and threatens the whole structure of society.

On this account, the special problem of relations with trade-unions holds a general interest for Rotarians. Unless a basis for agreement in industry can be found, the wedge will be driven deeper and wider, the infection of class conflict will spread as it is already spreading.

Has Rotary the answer?



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## XI. *Industry's Future Manpower*

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WHAT an amazing world this would be if everyone could be convinced suddenly that *Service is my business*. The discontents and the discord would melt away. The mountainous problems that hamper production and distribution would become soluble. Teamwork would replace suspicion and frustration. Imagine a factory or a department store where everyone *lived* vocational service, spontaneously and without affectation, as a natural way of living. What a pleasure to be associated in any way, as a competitor or a customer, with such an institution!

Rotarians who consider seriously the possibility of helping to realize such a dream are well aware of the

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difficulties. They recognize them as they exist in their own personalities and in those with whom they seek to cooperate. Selfishness—prejudice—fear—are built into so many of us by harsh experience, perhaps, or by early training. However we got that way, it makes it very difficult for us to live consistently as if service *were* our business.

Each effort, however feeble, is worth the making. There is at least a romantic satisfaction in having tried. But, if we really want to realize this dream, it would seem that the most hopeful subject would be the new generation of workers just entering upon their careers. To these youngsters, the idea that *Service is my Business* will hold intriguing possibilities. Beneath any protective veneer of cheap cynicism he or she may have accumulated, youth is idealistic. As they enter business life the will to believe is strong, hopes are high. What an opportunity to serve society has the employer of these young hopefuls—an opportunity that can be seized energetically, but too often is woefully ignored.

The Aims and Objects Committee of Rotary International has recommended that the following statement prepared by the Youth Committee be brought to the attention of all Rotarians who are employers of youth.

### INDUSTRY'S FUTURE MANPOWER

1. That every Rotarian engaged in industry and who is the employer of adolescent young persons and/or engages the services of youth direct from school, should constitute himself the friend and advisor, especially during working hours, of each such person in his employ, whether it be in the workshop, factory, or office.

## *INDUSTRY'S FUTURE MANPOWER*

2. It is suggested that he should, to this end, interview personally each young person being considered for employment or already employed and explain:
  - (a) The difference between work as a means of earning a living and work as a way of living a life;
  - (b) The importance to himself and to the community of the new phase of life into which the youth has entered;
  - (c) The fact that real and practical education and learning begins and does not end upon leaving school;
  - (d) That the acquiring of further academic and scientific knowledge is an essential addition to vocational activities and skill in order to be a success in life and vocation;
  - (e) That immense satisfaction and happiness are attainable from the effort to improve one's knowledge and education and that such effort, when added to good conduct and character, rarely fails to produce material as well as spiritual well-being;
  - (f) That the Rotarian employer is personally interested in him or her and may be regarded as a real friend and advisor.
3. That each Rotarian employer of youth should take an active interest in the physical welfare of those employes, encouraging them to join physical-fitness classes, etc.
4. That each Rotarian employer of youth (especially of school-leavers) should encourage such young persons to take advantage of the facilities available in almost every town and city for continued education in day school or at evening classes.
5. That the Rotarian should make a special point of seeing that such youth, upon joining his firm or company, are placed under the charge of foremen or directive employees who will and can guide them in the acquisition of good habits and manner of work leading to the development of skill and interest in their work.

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6. That the Rotarian's personal interest in the youth be expressed, if possible, to their parents and the utmost encouragement and cooperation of the latter be sought.

These admirable suggestions were considered by the Aims and Objects Committee as falling definitely into the field of vocational service, in contrast with vocational *guidance* which as definitely belongs in community or youth service. Rotarians who make it their business to follow these suggestions will indeed be contributing that "plus" or "building for the future" which was identified earlier as the essence of all service.

The evils that assail industry today—the dearth of skilled craftsmen, lack of interest in work, the host of absentees and drifters, the disloyal malcontents—how many of these tragedies might have been averted if an earlier generation of employers had been real "friends and advisors" to the youth first employed by them? The opportunity was lost to capture the imagination of the generous-minded adolescent with the vision of service.

The employer who says to himself "Service is my business," and really believes it, will interest himself in the youth he employs and in more ways than any set of recommendations can outline. He will regard these young people, not as mere means of production, but as ends in themselves, as constituting a part at least of the purpose of his business. His business may be the building of great cranes to lift the burdens of humanity, but just as surely he is also building lives. Future generations will witness how well he has builded.



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## XII. *The Round Table*

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**I**N the days of King Arthur, the band of knights which was the pattern of chivalry, met at a round table. This arrangement symbolized their sharing as equals in service, no man being exalted over his neighbor.

This device of ancient chivalry can have its modern counterpart. Indeed many progressive firms have demonstrated its practicality by establishing and fostering works councils, production committees, and the like. In Britain, especially, this system has been developed. Many of the pitfalls have been explored and most satisfactory results have been recorded. Accordingly, a short account of some British experiences should be of interest.

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In its early stages, the works council frequently proved disappointing. Management found that employee representatives had neither the experience nor the right mental outlook for successful contribution. Often the experiment was abandoned at the first opportunity. In other instances, however, undeterred by initial difficulties these groups persisted in their efforts to achieve cooperation until they were crowned with success.

What are the elements of success? The first is patience and understanding. It must be recognized that in some concerns there has been a long legacy of antagonism between management and worker. At the start, the establishment of a works council may be regarded by the workers as just one more "dodge" on the part of management to "pull the wool over their eyes." For this reason, one Rotarian reports that his company decided to appoint alternate chairmen of the works council, one from management and one elected by the employees, each chairman serving in turn for three months. Giving the workers equal status in this way completely changed their rather indifferent and even hostile attitude toward the council to one of the fullest interest and cooperation.

Another major difficulty has been caused through the appointment to a works council of the over-aggressive type of worker who interprets his place on the council as an opportunity to "make trouble." This danger has been largely overcome in practice by paying more attention to the method of elections. In some cases, these have been conducted successfully on parliamentary lines with formal nominations and a secret

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ballot for every worker. The result generally has been the election of sound and responsible types of men and women.

Once established, the council should operate with the highest business efficiency. It must receive the same personal interest from the chief executive as any vital department of the firm. It is a fatal error to leave the council to subordinates and thus to create the impression that the heads of the business are not interested. Personal interest and enthusiasm in time beget the same attitude from employee representatives. It generates the spirit of cooperation in a common cause.

A competent secretary should be appointed. The minutes of the meetings should be carefully prepared and full enough to present a clear picture of the council's work. Published in a suitable way under the approval of both workers and management, widespread interest in the works council can be created throughout the organization. A booklet issued at the end of the first year by one firm under the title of "What It Has Done" credited the works council with having produced first-rate ideas on production, the reduction of absenteeism, and the development of a more friendly atmosphere in the plant.

What can these councils do? They are sometimes criticized as being nothing more than forums for "grudges" and complaints over canteen food, dirty lavatories, and minor grievances. But surely, even if that were all, some outlet is better for allowing these complaints to come into the open than to leave them underground where they will certainly build bitter-



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ness against management and widen the gulf between employer and employee.

There are, however, great possibilities in other directions. Besides being prolific in valuable suggestions for improved efficiency, works councils often concern themselves with the general welfare and health of employees, savings and benefit funds, improvements in safety, or projects for entertainment and education. Above all, they contribute to a feeling of responsibility and self-respect in every worker. They give him a sense of belonging to the "team."

From a district governor of Rotary in South Africa comes a most interesting report of how works councils are being developed for natives engaged in industry.

The eyes of the world are focused on South Africa and its native policy more now than at any time of its history. We must be progressive in our thoughts on this issue generally although our specific interest is with the native in our own industry.

The procedure for the establishment of a native works council is simple in the extreme. Avoid a constitution and do not bar discussion on any subject. Two or three members of the management should be on the council with any number of Africans. Meet at monthly intervals and never hesitate to call special meetings. Members should hold office for twelve months and should not be elected on a tribal basis.

The employees elect their own members to serve on the works council. Sitting around a table with the chairman of the board of directors, they hammer out all their difficulties, and often make valuable suggestions for the betterment of the firm.

I can honestly say that the effect of these works councils has been most marked, and not in any one instance has it failed to prevent employees going out on strike.

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During the last war, commanders in every rank found that morale and initiative depended on "putting the man in the picture." For example, when a battery was engaging the enemy, the battery commander would give a running commentary by telephone to his units: "We are engaging forty enemy tanks . . . we have knocked out the two leading tanks with the third hit . . ." and so on. The men knew what they were doing, why they were doing it, and something of the success which resulted from their efforts. They were definitely "in the picture."

In precisely the same way, through the works council, the man in the factory can be put "into the picture." The privates and captains of industry can march together in the common struggle to overcome the poverty and insecurity that follow inevitably in the wake of distrust and misunderstanding. Here surely is a worthy field for Rotarians, the world over, to build for the future an industry based on the dignity of all human beings in their work.

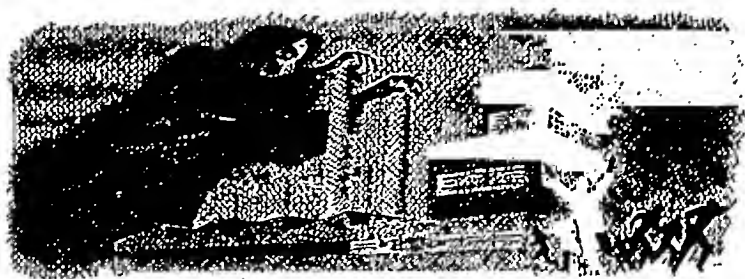
Even though the circumstances of a business may be such as to make the establishment of a works council impractical, the spirit of the round table is most helpful in all negotiations with employees either in groups or individually. If a feeling of equality prevails at the encounter, the chances for constructive thinking and lasting agreement are enhanced. The points at issue can be discussed on their merits without the side glances of prestige or inferiority. Each party carries away from the meeting an impression that he has dealt in good faith and that his confidence will be respected.

Here is the essential preliminary for overcoming the

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festering discontents and sterile disputes that poison the wells of industrial progress in many lands. But it is only a preliminary. The existence or the atmosphere of a round table merely sets the stage for an effort to reach real and lasting agreement between employers and employees. The core of the problem is still to be examined. How can this conflict be reconciled? On what basis can management and labor find firm ground for agreement?

If Rotary has the answer to this question, a weary world is waiting for it.



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## XIII. *A Basis for Agreement*

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**D**URING the first year of transition from war to peace, 1,025,000,000 man-hours of work and \$1,206,000,000 in wages were lost through strikes in the United States alone. In the same period, rising prices all but wiped out such gains as the strikes achieved—increases of pay that in many cases would only balance after many months the earnings lost while on strike.

Beside the direct losses to industry and to the striking workers must be reckoned the incalculable injury of the strikes to others. Small business in countless instances was paralyzed. Reconstruction was delayed. Prolongation of shortages stoked the fires of inflation. To the inconveniences caused the American public was

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added the fear of a general depression that would engulf not only the United States, but other countries struggling to restore their war-wrecked economies.

Yet, the real nature of the crisis in labor relations is not revealed by detailing its disastrous consequences. Strikes are like a thermometer which indicates that the boiling-point has been reached. They disclose the situation. They are not the situation itself. Just as you cannot reduce the temperature of a room by applying an ice-bag to the thermometer, so making strikes difficult will not relieve the tensions of industry. You have to get the temperature down by finding the cause of the excessive heat and removing it.

The Chinese word for "crisis" contains two symbols. The one signifies "danger"—the other, "opportunity." If we face up to the danger of the crisis in labor relations, we may discover the causes and an opportunity to help in removing them.

Surely Rotary should have some answer to the problem of labor conflict. The interest of its members as business and professional men is involved. Their influence is not inconsiderable. The deeper relation of the crisis to the personal attitudes of workers and employers challenges their professed ideals.

It may be helpful at the outset to dispose of the defeatist notion that the conflict is inevitable. This notion stems directly from the interpretation of history as a class struggle proposed by Karl Marx, though it is often shared by people very far from being Marxists. Whoever assumes that workers are concerned only with getting the most pay for the least work or that employers have no other thought but profit, con-

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sciously or unconsciously, subscribes to the doctrine of Marxian materialism. On this basis alone does conflict between them seem irreconcilable.

Nor is the idea of inevitable conflict any longer supported by the modern biologist who has abandoned the Darwinian description of "nature, red in tooth and claw" in favor of one that attributes the survival of species to cooperation. "Cooperate or die" is the law of life, according to Professor Allee writing on Animal Sociology in the *Encyclopedia Britannica*.

Discredited theories die hard. There is a time-lag before they are abandoned. Repudiated in principle, the theory of the class struggle often survives in practice and crops out in the strangest places. How many employers, for instance, approach the bargaining table as rigidly determined to battle for their class rights as the most impassioned agitator. The single thought of both parties to the dispute is the desire to *dominate*.

The desire to dominate lies at the very heart of the system that produces strikes. Where each party is out to win, to impose his will upon the other, to prescribe his own solution whatever discouragement or frustration it may cause—conflict is indeed inevitable. Even if the weakness of one party prevents open strife, a sullen spirit of resentment sours the relationship. The cooperation essential to survival becomes impossible. What degree of efficiency or initiative or loyalty could an employer expect who dominated his employees without regard to their welfare or respect for their rights?

Domination rarely succeeds in any kind of a situation. In a labor dispute, the result is usually a *com-*

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*promise*. Each side renounces a part of its aim to dominate when the struggle has become too painful. This kind of solution is often hailed as a victory for moderation, and such it may be. But too often it represents merely reluctant concession and appeasement in the worst sense. Its consequences may be no less disastrous than the choice of the man cycling home after dark along a country road. He saw two lights coming toward him. "Sure, and I'll steer between them," he said. Unfortunately they were the lights of a truck. Too often a compromise merely confirms the will to dominate eventually. It encourages stubbornnesses and insincerity. The sterile issue of much haggling, it leaves both combatants with the feeling that they have been beaten and with the determination to renew the struggle when they have gathered new strength.

Obsessed by the conviction that conflict is inevitable, employers and employees and their representatives ignore completely the possibility of an alternative procedure to one based on the desire to dominate and ending in compromise. Yet a definite and distinct alternative does exist, and with it the chance for leadership out of the barren wilderness of labor strife.

The key word is *combination*. It describes a procedure which seeks to absorb the conflicting interests in an overriding common interest.

One such common interest might be simply a mutual recognition that conflict is costly and sterile. Everyone loses in a strike. Or it might be the common fear of both parties that their conflict would lead to government controls and bureaucratic interference equally distasteful to employers and unions. These negative

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interests, however, do not point to any particular solution. They do not release the energies which conflict diverts from the useful side of life. A common interest that was positive, rather than negative, would have greater creative force.

A British industrialist, Sir George Schuster, likewise formulated a practical basis for agreement when he told the London Rotary Club that "the goal of both labor and management should be to increase the size of the cake rather than quarrel over how it should be divided." Increased individual productivity, lower prices, and expanded sales were the positive goals that he suggested.

Still more comprehensive as a basis for agreement is the formula expressed in the concluding words of Rotary's Second Object—"service to society." Translated into practical and specific proposals for any given business or industry, these words are revolutionary in their import. They suggest that instead of basing their demands on near-sighted selfish considerations, labor—and management, too—should relate them to a common interest in expanding business, higher living standards, and general prosperity.

Would the intractable problems, the sullen discontents, the accumulated bitterness that have encompassed labor conflict, yield to such an approach? Could tough-minded, horse-trading negotiators be persuaded to try it instead of retracing with hopeless doggedness the dreary paths of domination and compromise? How much persuasive skill would be required to convince cynical or obdurate minds that this inspirational phrase—"service to society"—offers real hope, not merely for



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preventing strikes but for imparting a new spirit of real cooperation? There is no foretelling until the attempt has been made.

Rotarians who decide to make the experiment, whether in a store with half a dozen employees or in a factory with several hundred, whether in negotiation with previously estranged labor leaders or in conversation with the new girl at the notion counter—will be aware that they are attempting something of great significance.

Each problem will invoke a different style of approach. But in every case, three steps are essential:

- (1) The basis of agreement—"service to society"—must be explained and perhaps rephrased to convey all its implications in concrete, tangible terms so that the individual employee or labor representative will see clearly his relation to it. At the same time, the Rotarian will frankly set forth what he conceives to be his own relation to this common interest.
- (2) The special interests of both parties must be considered in the light of the common interest. All the cards must be laid on the table. There should be no shrinking from the fighting words, the beligerently expressed demands, nor suppression of any accumulated grievances and mistrust. But once these have been stated, both parties should try to re-evaluate them in terms of "service to society."

This critical step in the procedure calls for a little elaboration. The aim is to find out what each party really wants, and to see how these private goals can be

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reconciled with the common goal. Suppose, for instance, a dispute in which the workers demanding increased take-home pay are met with the objection that the employer has to make a profit in a competitive market. Break down this demand and this objection in terms of what each party really wants. Translate those real wants in terms of "service to society." Compare them. Could they not be reconciled? Combined? Almost identified?

### THE EMPLOYEES REALLY WANT—

- A fair day's pay
- Security
- Real incentives
- Recognition
- A share in policy-making

### THE EMPLOYER REALLY WANTS—

- A fair day's work
- Loyalty and goodwill
- Increased productivity
- Initiative and ideas
- A fair return on investment

Are not these the real wants that underlie the haggling over wages and hours, welfare funds, vacations with pay, and a thousand other issues? Are they not quite reasonable and honest desires that can be *satisfied*—not compromised—through a common agreement of service to society?

- (3) The procedure is not complete without action. Agreement on a common goal, the most satisfying talk, will only end in disillusionment if tangible results do not follow quickly. The extent of the

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action is dependent on many circumstances, but its nature should be such as to reveal plainly the reconciliation of the separate interests of the parties to the agreement. Immediate action—looking forward to continued action—is an earnest of good faith.

Rotarians who undertake these three steps as an alternative to the procedure of domination and compromise can expect results only over a period. This application of Rotary is a slow process. It extends far beyond the immediate crisis produced by strikes until it embraces all employer-employee relations.

What specific contributions Rotarians and Rotary clubs can make to develop this much-needed understanding is something for individual determination. That the spirit of "service to society" is already at home in the labor relations of many Rotarians is apparent. Yet the idea could be expressed more openly and directly. Even in the smallest business it could become the theme for discussion at meetings with employees. Even professional men could give currency to the idea by frankly presenting it to competitors, colleagues, or clients as a basis for agreement. Through education, influence, and example, the opportunity existing everywhere for "combined operations" could provide a powerful antitoxin to the prevailing class conflict.

A special opportunity exists in relation to trade-union leaders. Like the men whose vocation is management, these professional trade-unionists are sensitive to any threat against their own particular status and prerogative. There is nothing discreditable in this. It is perfectly natural. When labor leaders express a

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zeal to share in managerial functions, when management through interest in human engineering seeks ways to win greater efficiency, the other party is likely to exclaim: "Production? Service? Yes, but not over *my* dead body!"

Anyone who feels professionally insecure is likely to look around for ways to stress the importance of his function. The employer does this, sometimes, by means of distance and secrecy. Let no one penetrate the "holy of holies" where he is mystically managing to meet the payroll on Saturday night. The trade-union executive, on the other hand, may feel impelled to justify his position by assuming the role of an Oliver Twist. His prerogatives will be respected by dues-paying members so long as he is continually "asking for more." No sooner has he negotiated one set of labor gains than he begins to hint about the next series of demands. How else is he to justify his existence?

Would it not contribute enormously to the professional security of the trade-union executive if a Rotarian employer would invite him to general consultation on their respective roles as seen in the light of "service to society"? In the course of consultation, the opportunity for combined operations between them could be explored. As partners, rather than rivals, each could benefit. Or a Rotary club at one of its meetings could present a trade-union leader with the same question, and work out with him a program for expanding this project throughout the labor movement. Or the same club might consider the possibility of filling the classification officially described as "Labor Organizations" with an intelligent and statesmanlike represen-

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tative who would make it *his* business to promote combined operations.

The comparison of labor conflict with war is compelling. To maintain international peace, machinery has been created in the United Nations organization. Could not a similar charter for industrial peace be adopted, if not on a world scale—then nationally, if not nationally, then locally, or within a particular business for that matter? Already such institutions are operating successfully in many cities from San Francisco, California, and Toledo, Ohio, in the United States to Newcastle in England, often with the backing and sometimes under the direct sponsorship of Rotary clubs.\*

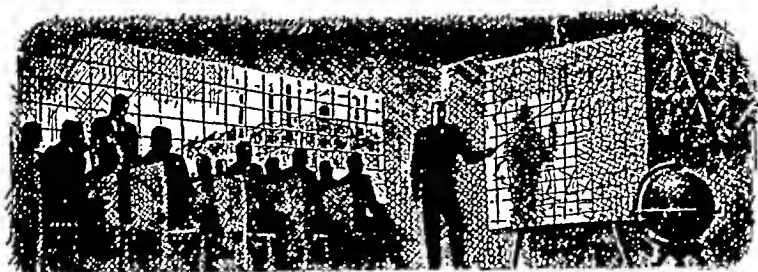
Certainly Rotary has the answer, a response to the opportunity implicit in the crisis in labor relations. If Rotarians throughout the Rotary world will seize the initiative individually and through club activities, such rare occurrences as the joint statement by the United States Steel Corporation and the United Steel Workers will multiply. Ending the threat of a most serious strike, came this announcement:

The proposal was made and accepted because of the desire of both parties to make a contribution to national welfare.

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\*"In England, machinery for joint consultation and conciliation has been developed on a national basis, covering every major industry. As a result, official strikes, i.e., those backed by trade-unions, have been almost eliminated. The total time lost in strikes, official and unofficial following the Second World War is 6,500,000 working days, in contrast with the 89,500,000 days lost during the same period after the First World War."

—LETTER FROM AN ENGLISH ROTARIAN.



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## XIV. *Operation Rotary Club*

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“SERVICE IS MY BUSINESS” is addressed primarily to the individual business and professional man, the Rotarian who seriously regards his classification in Rotary as a trust. Nevertheless, there is clearly a field for club and committee work. Men consulting together, sharpening their minds in the keen thrust and parry of debate, can often inspire each other to action.

Realization that the potentialities of the vocational service committee had not been sufficiently developed prompted Rotarians in the British Isles to undertake a most notable experiment in group thinking known as “Combined Operations.” A course of study was outlined that dealt intensively with the specific problems

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of industrial management. While the vocational service committees formed the nucleus, other members of the Rotary clubs and especially new members were invited to share in these deliberations.

The success of the project over the last two years has been amazing. Most of the vocational service committees in the British Isles have embarked on this course. Reports forwarded to Rotary International from a score of clubs indicate that "Combined Operations" has awakened a new sense of Rotary leadership in the human relations of industry. In many cases, British Rotarians have carried away from these meetings definite ideas for improved relations in their own plants. In all cases, the discussions have produced a widening of the mind and a sensitizing of the individual to the opportunities in his own business or profession remote though it may be from the field of industrial management.

The phrase "Combined Operations" carries stirring implications to British Rotarians since it was used to denote the close cooperation between different branches of the armed forces in some dramatic episodes of the War. As applied to vocational service, it emphasizes the need for joint effort by employees, management, and all those who share in production. Only by combined operations can the battle against poverty, labor unrest, and depression be won.

Under the plan of "Combined Operations," the vocational service committee devotes a meeting each month from September to April to examining a series of topics. Trade-unions, works councils, strikes, profit-sharing, management, and industrial education were

## OPERATION ROTARY CLUB

topics the first year. Each topic is presented by an active leader in the field or by a qualified expert. The group then embarks upon a discussion directed along lines that will bring out crucial aspects of the problem, and leading up to such action questions as "What can Rotarians do about it?" A written report summarizes the feelings, opinions, conclusions, and intentions of the group.

The enthusiasm of British Rotarians for this approach to vocational service has to be seen to be believed. They really feel that at long last they have come upon a way to bring the ideal of Rotary into a dynamic, effective relation with the real needs of industry. Perhaps the best way to convey this enthusiasm is to quote rather liberally from some of the reports, and indicate the source of the comments to demonstrate the wide appeal of this program. Many of the reports are printed for distribution among local business men.

A trade-union leader—

I have been greatly encouraged tonight. If employers generally are going to adopt the attitude you are taking, I feel more encouraged about the future of industrial relations than I have ever been in my life.

From a textile-manufacturing center (Blackburn)—

At the beginning of the year, the committee decided, not too enthusiastically, to study "Combined Operations." From this report you will have gathered that it has not idled its time in fruitless discussion. Its members feel that they have derived great benefit. In all instances, a manager's conception of his duties should be one of leadership, not of dictatorship—he should seek the cooperation of his workpeople, and take them into his confidence so far as possible.



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From a large port town (Liverpool)—

Employees have not in past years had a fair share of the "proceeds" from industry. Increases of wages have seldom originated from employers, but have had to be fought for, often by resort to strike action. Proceeds, of course, must be regarded as covering more than money. Hours of work and conditions of service must be taken into account. The wages of the lowest-paid workers should enable them to maintain a reasonable standard of living for themselves and their families. Discontent is caused when this is not achieved, particularly in those cases where a large margin exists between the lower-paid workers and a small number who are highly paid.

From a seaside resort (Hove)—

The main activity of the vocational service committee has been a close study of the problems of "Combined Operations." Attendance has been good, and enthusiasm and interest have been maintained throughout. Though most of our members have been connected with small businesses, they are daily confronted in small measure by the problems facing larger concerns, and it has been obvious in all our discussions that serious thought has been devoted to questions under consideration.

From a coal-mining district (Cannock)—

It is well within the province of any vocational service committee to make a serious contribution toward the solution of our industrial problems. The structure of democratic machinery within industry is still, in many cases, very flimsy. Inexperience in sharing responsibility, an apathetic or critical attitude toward social changes will not help to strengthen the structure. The Rotary movement, by allying itself with all that is best in constructive thought and action, can bring into being a new industrial democracy, directed toward social creative ends which will satisfy the deepest rooted of all human desires.

## OPERATION ROTARY CLUB

From the chairman of the vocational service committee of his district—

"Combined Operations" has proved to be the most topical and vital program conceivable. It is obvious that Rotarians are prepared to study and share experiences to a degree that is a remarkable manifestation of their desire to implement the Second Object of Rotary.

The program of "Combined Operations" is designed particularly for the needs of industry in the British Isles. It suggests, for instance, that all Rotarians who manage industrial plants take the "Training Within Industry" course offered to foremen and managers by the government. Special relations with the so-called Working Parties which are seeking to promote greater efficiency in certain industries are recommended. There are, however, several suggestions that could be applied almost anywhere in the Rotary world.

Under the heading, "Action Stations," vocational service committees are asked to consider such possibilities as filling the classification, "Labor Organizations," in their clubs. Since trade-union officials have been invited to address meetings of the committees, could not opportunities be found for explaining the Rotary point of view to local trade unionists? Rotarians might also take the lead in forming local groups where employers and employees could exchange viewpoints and clarify the principles of cooperation through regular meetings and suitable publicity.

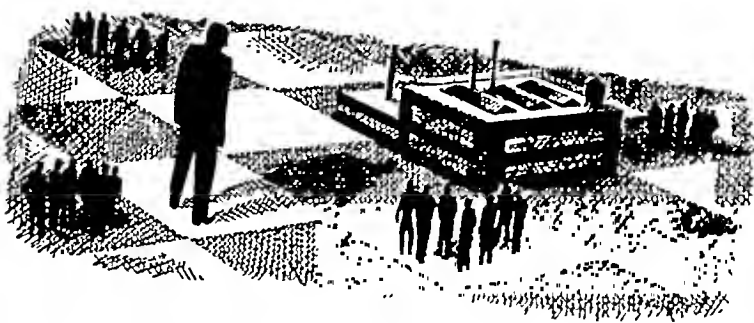
The essential meaning to Rotarians everywhere of "Combined Operations" is its demonstration of possibilities in the existing machinery of Rotary for stimulating interest, enthusiasm, and action. All that is

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needed is someone to organize and inspire the venture, a leader who will really lead. An enthusiastic chairman of a vocational service committee can achieve wonders. Often the tone of its meeting creates a new awareness that spreads imperceptibly through the whole club.

Just how this happens is illustrated in the account of one committee meeting in South Africa. "The discussion had drifted into abstract generalities," the chairman recalls, "when a member burst forth with the demand that we get down to cases. He then proceeded to outline an actual problem that he was facing in his own business. Here in the friendly atmosphere of Rotary was a man ready to open his heart, to put all his cards on the table, and to seek advice and counsel from his friends. In a flash, the committee saw the meaning of vocational service. The exchange of experiences that followed sounded the keynote for a year's program."

Perhaps "Service Is My Business" may be a helpful source for Rotary clubs desiring to develop a program like "Combined Operations." After all, it is only necessary to introduce a topic by a story or question to kindle a discussion among keen business and professional men. But who will do it? Who will make the initial effort?



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## *XV. It's Your Move Now!*

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**H**ow often the player at chess or checkers, as the game reaches its final stages receives the brusque reminder: "It's your move now!" That player might well be compared with the reader of this book. Here, too, many pieces have been moved about the board. Vocational service has been "played" in terms of craftsmanship, good faith, human engineering — in their many aspects. As in chess or checkers, some of the pieces may have been lost. The reader, like the player, has not retained them for his use. Yet some remain, and he is confronted with the question, what shall he do with them. "It's your move now!"

Similarly, a Rotarian impressed by the horizons of

opportunity to serve society is not unlike the player who speculates about some brilliant strategy for winning the game. He, too, is challenged to do something about it. The large contributions that vocational service can make to the world will not be accomplished through discussion, still less by solemn resolutions in Rotary clubs. The genius of Rotary is individual action. The product of Rotary is men. Particularly is this the case in vocational service. When a Rotarian, convinced of the challenge to leadership in business or profession asks impatiently, "Why doesn't someone *do* something about it?" he is promptly invited to—"look in the mirror, and meet someone who can and should."

What process is it that goes on inside a man when the discussion of ideal goals is translated into practical activity? Some light on this abstruse problem may be found in an episode that occurred in a steamship office where several applicants for the post of radio operator had gathered to be interviewed. Their excited discussion of the prospects for employment made them oblivious to the dots and dashes that began coming over the loud speaker.

About that time, another man entered the office and sat down quietly by himself. Suddenly he snapped to attention, walked into the private office, and in a few minutes came out smiling.

"Say," called out one of the group, "how did you get in ahead of us? We were here first."

"One of you would have got the job," the man replied, "if you had listened to the message from the loud speaker."

"What message?" they asked in surprise.

## IT'S YOUR MOVE NOW!

"Why, the code," he told them. "It said, 'The man I need must always be on the alert. The man who gets this message and comes directly into my private office will be placed in one of my ships as a radio operator.' "

How many Rotarians have listened to talks on vocational service at conventions, district meetings, or in their own clubs? How many have been alert to recognize the message that would send them back to their offices with a plan of action? There is no way of telling, and if it could be told, the record might not be very encouraging. The transition from thought to action is often devious and fraught with peril for the idea. So much depends on the disposition of the man himself, his methods and habits in dealing with ideas.

Accordingly, the Rotarian who has given some thought to vocational service may also recognize the need to *service himself vocationally*.

The specific application of the Second Object to a particular business or professional practice may not be apparent immediately. On the surface, established routines may seem well enough, or the prospect of injecting an entirely fresh note into the complex interrelationships of an active organization may appear bewildering. The Rotarian who asks himself, "Where shall I start?" may find himself answering rather in the vein of the farmer who encountered a stranger hopelessly lost in the country.

"Which road do I take for Cincinnati?" inquired the traveller.

The farmer deliberated for awhile, and then in a burst of confidence, "You know, if I were going to Cincinnati, I wouldn't start from here."

## SERVICE IS MY BUSINESS

Yet, right here in the Rotarian's own office, store, or factory is the opportunity to serve society. Where should he begin? What particular phase of his many relationships most urgently requires attention?

One way to find out is in the series of questions called "A Vocational Service Score Card," a personal check-up sheet that is available from Rotary International. So phrased that they call for definite answers, these questions will demonstrate to anyone just where his vocational service has been lacking, if he will consider them in all honesty and sincerity. One prominent Rotarian who had checked himself with the score card confessed that after he had totalled his score he tore the paper into tiny pieces and threw them into the wastebasket hoping that the charwoman was not an addict of the "jig-saw" puzzle.

Most Rotarians who use the score card will find the need for improvement in some one phase of their vocational service emphasized in their answers. *There* is the place to begin! Or it may be that several directions for improvement are suggested. If so, the method made famous by Benjamin Franklin of concentrating on a different one each week can be effective. In any case the transition from ideal to definite action can be begun.

The process of servicing himself vocationally cannot stop here, however. Business and professional practice goes on continuously from day to day, bringing new problems into focus, calling for practical decisions of greater or less importance. To realize, even with a shock, the need for improvement is not enough. An habitual

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attitude, proof alike against monotony and against surprise, must be developed.

Many Rotarians habitually set apart a few minutes at the beginning of each day as a *quiet time* for pre-viewing the day's work as an opportunity for service. They ask themselves: "What is being done in my business that ought *not* to be done?" "What things ought we to be doing that we are not doing?" They anticipate the decisions that they or their associates may be called upon to make, and try to judge them objectively in the light of social usefulness.

A simple standard of judgment that can be applied spontaneously to every contingency as it arises, is the well-known "Four-Way Test."\*

1. Is it the *Truth*?
2. Is it *fair* to all concerned?
3. Will it build *goodwill* and *better friendships*?
4. Will it be *beneficial* to all concerned?

The Rotarian who originated the Four-Way Test took over a large business that was on the rocks. An official of the bank which had given this company a large loan in its prosperous days, and expected to lose it, declared that he had never heard of a concern "so broke" coming back. Yet, by putting the "Test" in control of its policies, the business was piloted to solvency. Immediate sacrifice of profits that failed to square with these requirements was amply repaid by a more efficient organization, employee dependability, and the confidence of customers. So unassailable was the position of the firm that when war conditions cut off its supply of materials, it was able to carry on. It turned

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to other materials and products, but kept the same principles.

Let no one suppose that translating vocational service principles into practice can be achieved overnight. Said the originator of the Four-Way Test: "Though we ask our stockholders, employees, distributors, and customers to let us know when we don't live up to the Test, after eight years of sincere endeavor we feel that we are living up to about seventy per cent of our ideals. We regret that we haven't done better. Yet I can see that we are making progress in learning what the Four-Way Test really means."

While many Rotarians are striving to conform their business and professional practices to the Four-Way Test, some others prefer to formulate their own standards. An example is the four-point program of good business practice devised by a Rotarian in Oregon, U.S.A.:

- (1) Always work in the light of complete knowledge that true and comprehensive deductions may be reached.
- (2) Courageously brand false and misinformation what it really is, and it will not take root and grow poison among the unsuspecting.
- (3) Spend more time discharging our responsibilities, and not so much energy protecting our rights.
- (4) Hold in high regard one's word once given.

Such admonitions as these are evidently suited to meet the particular problems and temptations encountered in a particular business. They acquire weight by being specific. In this case, they are discussed at special employer-employee meetings, displayed on several bul-

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letin boards throughout the plant, and explained to new employees by their foremen.

Servicing himself vocationally extends beyond the "quiet time" when the Rotarian considers his business or professional problems in the light of social usefulness. "Sharing" is no less essential, not only as insurance that the new directions will be carried out intelligently by associates, but also as a check on the resolution and sincerity of the Rotarian himself. Talking them over with others subjects intentions that have been conceived in a moment of enthusiasm to some sort of check and challenge. The Rotarian who takes a framed copy of the Four-Way Test and hangs it in his office for all to see issues a tacit invitation to every customer and client to measure performance with professions. Employees are given to understand what they can expect from their employer as well as what he expects of them. Even competitors are summoned to help in keeping the business "on the beam." Can anyone with experience in business or profession fail to see that such courageous sharing is sound from every standpoint? As one Rotarian remarked: "Here are all the tools to do a good and practical job in human relations."

It's *your* move now! Whether a Rotarian score himself, has a daily "quiet time," or shares with his business associates his resolution to serve society; whatever means he may use for translating the ideas of vocational service into action and habit are strictly his own business. Somehow that transition must be made, however, if Rotary is to escape the charge that this Second Object is theoretical, mystical, and intangible. Words, glit-

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tering generalities, persuasive examples, eloquent speeches will avail nothing unless Rotarians apply them. The Second Object will exist only as a spectre at the feast if it is not put to practical use.

The Spanish philosopher, Unamuno, tells of the aqueduct in Segovia. Built by the Romans 1800 years ago, it carried cool waters from the mountains to the thirsty city. Nearly sixty generations of men drank from it. Then came another generation which said: "This aqueduct is so great a marvel, it should be preserved for our children's children. We will relieve it of its centuries-old labors."

To give it well-earned rest, they introduced a modern water supply. Then it began to fall apart. Built as it had been from rough-hewn granite blocks without lime or cement, the sediment of centuries had formed a natural mortar. Now the dry sun made it crumble. What centuries could not destroy, idleness disintegrated.

And so it is with vocational service in Rotary. Respected, but unused and set apart from the active business life of Rotarians, it becomes misty and impractical. It tends to fall apart. Tried and tested in daily combat with the tough problems of business or professional practice, vocational service grows with fresh vitality and meaning. Like the ripples from a stone flung into a pool, the influence of Rotary can stir the stagnant waters of commerce. The lines run out in countless directions when the individual Rotarian uses vocational service in his business or profession. Today it can begin. It's *your* move now!



## A NOTE ON THE TYPE IN WHICH THIS BOOK IS SET

This book is set in Baskerville, a linotype facsimile reproduction of type cast from molds made for John Baskerville, of Birmingham, England, from his designs. He is deservedly ranked among the foremost of those who have advanced the art of printing. The types which he designed, about 1750, are acknowledged to be superior in distinctness to any that had hitherto been employed and they were the forerunners of the type styles known today as "modern face." In this book where excellent craftsmanship occupies so important a place, it was deemed fitting to pay this tribute to a craftsman through whose art medium the message of this book is conveyed to the reader.





